Statement of Accounts 2024/2025

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WRITTEN STATEMENTS AND NARRATIVE REPORT

Director for Corporate Services' Narrative Report

THE LONDON FIRE BRIGADE

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

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

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

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

HOW THAT WORKS IN PRACTICE

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

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

One of these commitments is that the LFB will work together to supply the best possible services to meet your needs. This includes wanting to have a culture that learns from its people and the people it serves. Page 5 of this statement sets out additional detail on the actions the LFB is taking to improve its workplace culture.

THE MAYOR OF LONDON

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

HOW THE LONDON FIRE BRIGADE IS GOVERNED

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

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

HOW THE LONDON FIRE COMMISSIONER IS SCRUTINISED

The London Assembly

The London Assembly provides scrutiny of the services provided to London by the Brigade. It does this through the Fire Committee. The Fire Committee reviews the priorities of the London Fire Commissioner, and scrutinises and questions decisions made by the Commissioner and the Deputy Mayor for Planning, Regeneration and the Fire Service.

His Majesty's Inspectorate of Constabulary and Fire & Rescue

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

THE BRIGADE'S PERFORMANCE ACHIEVEMENTS 2024/25

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

https://data.london.gov.uk/dataset/lfb-financial-and-performance-reporting-2024-25

Performance at a Glance

Highlights of the LFC's performance as at the 31 March 2025 include:

% TIME SPENT ON PREVENTION (C4-01)
14.32%
Up by 0.37 pp. compared to last quarter

% TIME SPENT ON PROTECTION (C4-02)
4.27%
Up by 0.49 pp. compared to last quarter

% HIGH RISK HFSVS (C4-03)
61.75%
Up by 3.41 pp. compared to last quarter

AFA NON-DOMESTIC (C4-04)
3,715
Down by 1,294 compared to last quarter

STAFF SICKNESS (C5-03)
6.91%
Down by 1.32% pp. compared to last quarter

APPLIANCE ARRIVAL TIMES (C3-01 & C3-02)
1st 05:20 (m:ss)
Down by 5 seconds compared to last quarter
2nd 06:35 (m:ss)
Down by 16 seconds compared to last quarter

Key
- Protecting You
- Learning From Others
- Adding Value
- Engaging With You

RIDDOR INCIDENTS (C5-01)
18
Up by 3 compared to last quarter

FIRES IN HOUSES & BUNGALOWS (C7-03)
366
Down by 2 compared to last quarter

STAFF COMPOSITION
18.66%
ETHNIC MINORITIES (C1-03)
Up by 0.18 pp. compared to last quarter
19.14%
WOMEN (C1-02)
Up by 0.19 pp. compared to last quarter

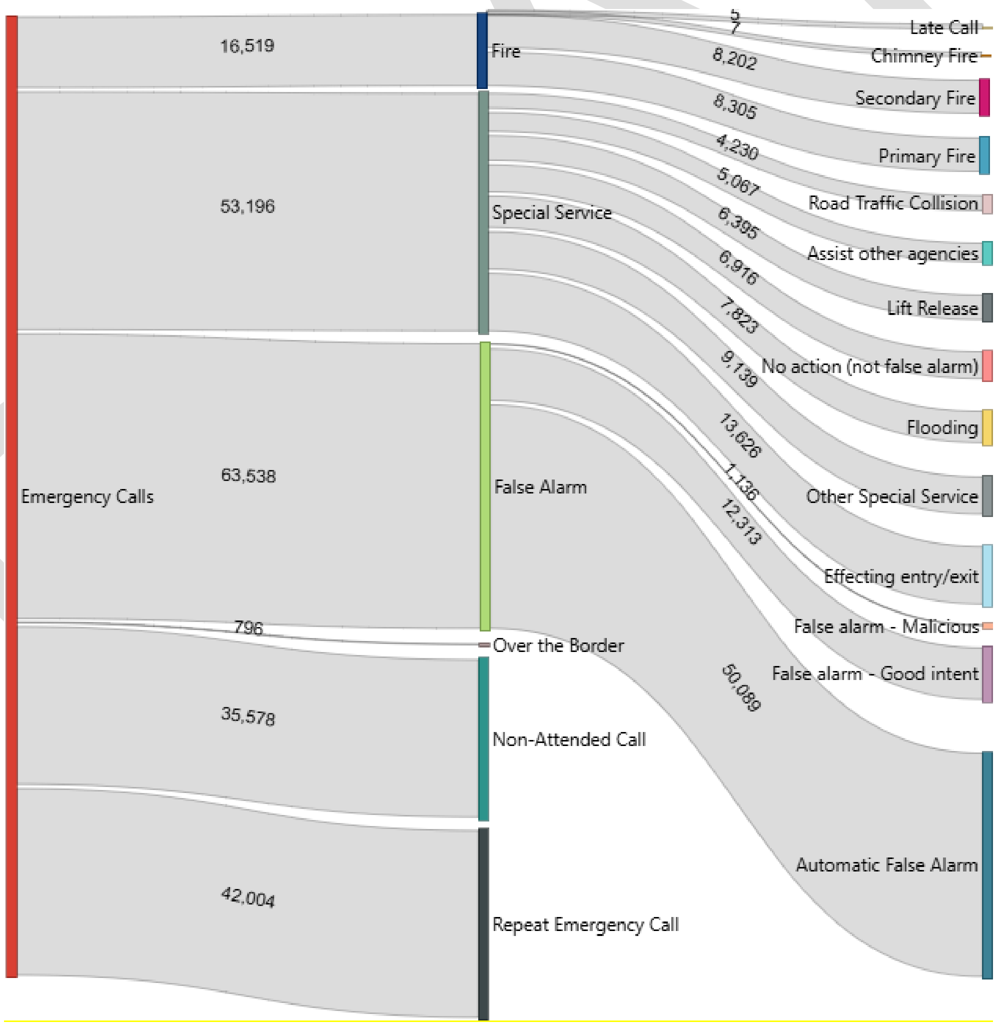
FIRES IN FLATS (C7-05)
599
Up by 46 compared to last quarter

Number of external recommendations / areas for improvement closed					
GTI Phase 1	HMI Round 2	HMI Round 3	HMI Misconduct	HMI Values & Culture	Angiolini Inquiry
38/40 (29 of 29 directed at LFB) No change in Q4	43/46 + 3 proposed for closure in Q4 (superseded by HMI Round 3)	0/11 No change in Q4	9/15 + 3 proposed for closure in Q4	14/20 No change in Q4	0/1 No change in Q4

ONLINE HOME FIRE SAFETY CHECKS (C2-01)
1,831
Down by 604 compared to last quarter

***PP.** Percentage Points

Incidents in Numbers for the 2024/25 Financial Year



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

PEOPLE AND CULTURE

LFC continues to drive an ambitious agenda around people and culture, which is vital to achieve the further improvements LFB has committed to following the Grenfell Tower Inquiry Phase 2 and HMICFRS Round 3 inspection. The HR function is integral to delivery of the CRMP, which includes a focus on services being delivered by the right people with the right skills and capability.

Following recommendations from both the independent Culture Review, and the independent Review of People Services, the structure of the People Directorate was revised to better reflect the requirements of a more modern HR function.

The Professional Standards Unit (PSU) was established in January 2024, providing a centre of expertise under the Director for People, dedicated to ensuring fair and robust standards including managing bullying and harassment claims, discipline and grievance issues.

The department supported the culture change programme and the HR improvement agenda, including through:

- delivery of leadership development programmes for all staff
- delivery of LFB Values workshops
- delivery of coach and mentor training
- development of HR data dashboards
- review of flexible working, with a focus on removing barriers to progression for operational staff with parental / caring responsibilities
- completion of the historic case review.

The new permanent Director for People took up post in January 2025. As a priority, the Director reviewed People Services in the light of current and future challenges and is currently consulting on organisational change to improve further the directorate's efficiency and effectiveness within the tight parameters of the 2025-26 Budget. In particular, the Director for People has articulated an ambitious vision for a service that includes:

- setting and providing assurance on high standards for itself and LFB's people, built around the Values
- delivering consistently on its objectives
- equipping LFB with the workforce it needs to meet the ambitious objectives set out in the CRMP by 2029
- addressing the HMICFRS Round 3 Areas for Improvement relating to people and setting our own aspirational agenda for LFB across the next five years
- achieving LFB's DEI objectives in relation to people, including our staff composition commitments.

MAJOR EVENTS AND CAMPAIGNS

London Fire Commissioner to retire

On the 16 January 2025 the London Fire Commissioner, Andy Roe KFSM, advised the Mayor of London, Sir Sadiq Khan, of his intention to retire after five years in the role.

Commissioner Andy Roe said: "It has been an honour and a privilege to lead London Fire Brigade. When I became Commissioner, I inherited a service suffering from decades of under investment. Over the past five years, supported by the Mayor of London, I have been able to lead significant change and improvement in the organisation – including the way we respond to emergencies, and in our culture. Our people are now better trained and equipped for their mission to serve and protect London."

Appointment of New London Fire Commissioner

On the 9th of May 2025 the Mayor of London, Sadiq Khan, proposed the appointment of Jonathan Smith as London's new Fire Commissioner, subject to a confirmation hearing by the London Assembly's Fire Committee.

Jonathan Smith will take up the post as the head of London Fire Brigade (LFB) on 1st July 2025. He will be taking over from Andy Roe who announced he would be retiring as Commissioner at the end of June.

London's new Fire Commissioner will be responsible for leading LFB to ensure it is trusted to serve and protect London. He will work closely with the Deputy Mayor for the Fire Service, Jules Pipe, to continue delivering significant change and improvements in its performance and implement the recommendations of the Grenfell Tower Inquiry Phase Two report. He will also ensure the Brigade continues to modernise and implement the cultural reform needed.

London Fire Brigade (LFB) has completed a programme of maintenance for London's only River Fire Station.

In October, Lambeth River Fire Station made its return to its historic home at Albert Embankment on the Thames after six months of refurbishments in Lowestoft. Firefighters returned to the station after a period of operational duty at HMS President.

Fire boats have been utilised in London since as early as the 1700s and a river station has been positioned at Lambeth since 1936. Lambeth River Fire Station's firefighters crew two fire boats responding to incidents from the river, bridges and the shore. Working closely with the RNLI, Metropolitan Police Service, HMS Coastguard and Port of London Authority, the Brigade's boat crews attend over 170 incidents a year – more than three a week on average.

Alongside general improvements, painting and redecoration, the station's hull has been fully refurbished, extending the life of the station by around 25 years.

Keeping Communities Safe: London Fire Brigade introduces new policy which aims to reduce attendance at false alarms

London Fire Brigade has changed its approach to how it responds to automatic fire alarms. Starting from 29 October, the Brigade has stopped attending automatic fire alarms in most non-residential buildings, such as office blocks or industrial estates, during daytime hours – unless a call is also received from a person reporting a fire.

The change allows firefighters to spend more time and resources on other priorities, such as working on fire prevention with local communities and increased operational training. The Brigade will continue to always respond to all automatic fire alarms in residential buildings and in schools, nurseries, hospitals, care homes, listed heritage sites and other exempt premises.

The new policy will only apply between the hours of 7am and 8.30pm. Outside of these hours, the Brigade will attend all automatic fire alarms in any building.

The changes have been introduced in London following a public consultation with members of the public, businesses, partners, firefighters and other Brigade staff.

London Fire Brigade celebrates fourth annual People Awards

London Fire Brigade (LFB) proudly hosted its fourth annual People Awards on 18 July 2024, a night dedicated to recognising and celebrating the outstanding achievements of staff.

This year saw the highest number of nominations, with over 300 individuals and teams being recognised. Over 250 guests attended the event at The Guildhall, including members of the LFB Community Forum, which helps the Brigade to put London's communities at the heart of everything we do.

For the first time, the People Award categories were aligned to the Brigade's newly defined values, which have been shaped by the experiences of staff and the communities we serve. Built upon on the National Fire Chief's Council Code of Ethics, the values are Service, Integrity, Teamwork, Equity, Courage, and Learning and will sit at the heart of how the Brigade works.

The awards ceremony recognised outstanding achievements of individuals and teams across various categories that reflect the vital work undertaken by LFB every day.

The newly introduced values were consistently reflected in this year's award winners.

Community Forum Steering Group

The Brigade's Community Forum, which was launched in 2022, has been instrumental in helping the Brigade to transform over recent years by bringing together individuals to share their perspectives and influence services. The Community Forum has 15 members who represent different communities from across London.

Moving forwards, the Brigade wants to develop local forums to hear from communities on a more personal level. To accomplish this, the new Steering Group will play a crucial role in designing how the local community forums will operate, allowing for more localised and focused engagement. These forums will aid the Brigade in ensuring that even more communities have a voice in shaping the services they receive.

Deputy Commissioner for Preparedness and Response, Jonathan Smith, said: "The formation of the Steering Group represents the Brigade's ongoing commitment to listening to local communities, including underrepresented groups, and improving our services for all.

"By involving community members in our decision-making processes, we can create more effective and inclusive strategies that better serve all Londoners."

RESPONDING TO MAJOR REVIEWS

Grenfell Tower Inquiry Phase 2 report

The Grenfell Tower fire took place on 14 June 2017 and tragically 72 people lost their lives. On the night of the fire, the Brigade was faced with the biggest challenge that any fire service in the UK has had to face in living memory.

The size, scale and significance of the Grenfell Tower Fire has had a profound and wide-ranging impact on our people and our communities. Our thoughts remain with the 72 people who lost their lives, their families, bereaved, survivors and the wider Grenfell community.

The events that night revealed deficiencies in LFB's policies, procedures, equipment and training. In the years since, everyone in the Brigade has been committed to delivering a comprehensive programme of change as we continue to learn from the tragedy. As a result, the LFB is better prepared, trained and equipped to respond to fires in London.

The publication of the Grenfell Tower Inquiry Phase 2 Report marks another important moment in the process of learning the lessons from the tragedy of the Grenfell Tower fire. The Grenfell Inquiry has been a catalyst for deep institutional transformation within London Fire Brigade (LFB). You can read the report here: https://www.grenfelltowerinquiry.org.uk/

London Fire Brigade (LFB) has accepted all the recommendations directed to the Brigade and fire and rescue services and supports the other seven recommendations in the 'London Fire Brigade' section of the Grenfell Tower Inquiry (GTI) Phase 2 Report, setting out its response to each recommendation in detail.

The response, developed in collaboration with key stakeholders and relevant community groups, outlines the work which is already underway to address these recommendations and the further actions that will be taken.

In 2024, LFB announced the completion of every recommendation directed specifically to it in the GTI Phase 1 Report, introducing important policies, improved training and new equipment as a result. The Inquiry made 58 recommendations in the Phase 2 Report, of which 13 were in the section specifically about the London Fire Brigade.

Commissioner Statement on His Majesty's Inspectorate of Constabulary and Fire & Rescue Services Report

On 29 November 2024 His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) published its report following the Round 3 inspection of LFB in summer 2024.

HMICFRS stated in the report that they found significant improvements in the LFB's performance since its last inspection in 2022. The report highlights that London Fire Brigade has improved across ten of the 11 measures used in the inspection, including 'outstanding' at responding to major and multi-agency incidents. The Brigade's previous inspection demonstrated improvement was required across all 11 areas.

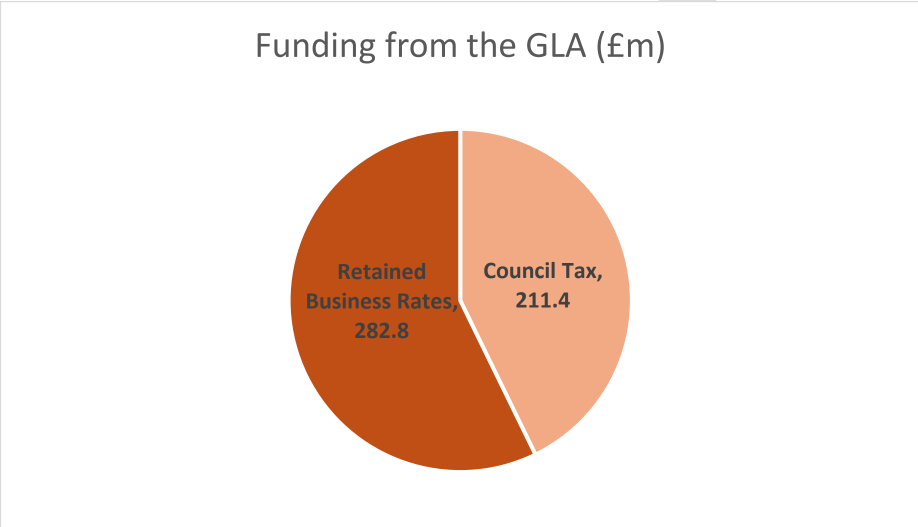
The Inspectorate has reached their conclusions based on the thousands of interactions they have had, Since the previous inspection, a great deal of change has taken place and has been underpinned by millions of pounds of investment provided by the Mayor of London. This has resulted in LFB's firefighters and Control officers being better trained and equipped to deal with fires across London. Whilst there is still more to do, the recognition of change by HMICFRS is a further step forward.

FINANCIAL PERFORMANCE

CORE FUNDING

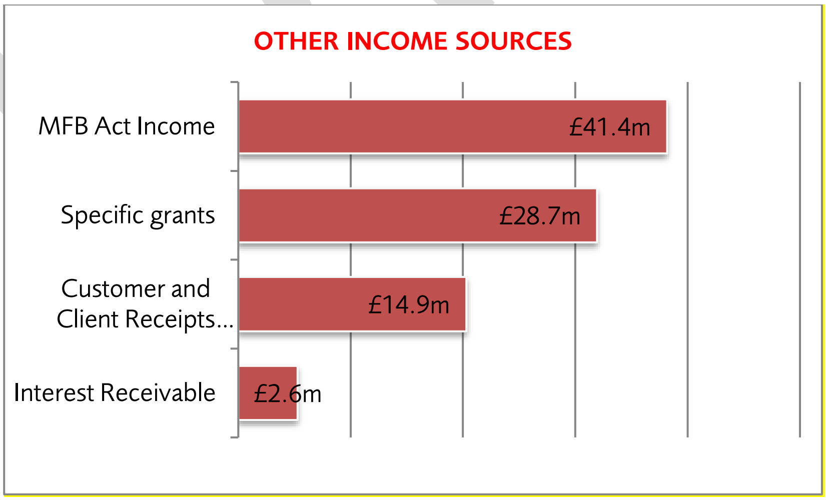
As one of the Greater London Authority's functional bodies the LFC's core funding is set and provided by the Mayor of London. This funding is provided through a mix of council tax and retained business rates which provided funding of £494.1m in 2024/25 (£445.8m in 2023/24).

For a Band D council taxpayer, the LFB's element of their council tax bill was £66.74 in 2024/25, or £1.28 a week (£62.48 in 2023/24, or £1.20 a week).



Income

The LFC also received additional income through a range of items, including income under the Metropolitan Fire Brigade (MFB) Act and grants from central government. This additional income totals £87.6m, including a £0.2m reduction on bad debt. (£96.6m in 2023/24).



REVENUE EXPENDITURE

This combination of core funding from the GLA and other income provided total funds of £581.7m in 2024/25 (£542.4m in 2023/24). After including a net draw from reserves of £32.0m this provided for expenditure of £614.0m.

Total expenditure net of reserve funding in 2024/25 was £588.6m, £6.9m more than budgeted. This overspend will be covered by Reserve balances. The breakdown of that expenditure, shown below, was largely on staff costs – Operational staff (£352.2m) and Other Staff (£80.8m). Expenditure increased from 2023/24 levels because of inflation and pay awards.

The largest variance in 2024/25 relates to Operational staff with this largely being driven by the impact of operational overtime in Fire Stations. Significant reductions on operational overtime costs have been delivered since 2022/23 when an overspend of around £12.5m (excluding National Insurance) was experienced, the largest component of which was due to Pre- Arranged Overtime (PAO); following a range of actions the outturn overspend for 2024/25 is around £7m. The 2025/26 budget has set out plans to eliminate overspending on overtime through a combination of increased overtime budget and further actions to reduce the need for overtime.

2023/24 Budget £'000	2023/24 Outturn £'000	2023/24 Variance £'000	LFC Revenue	2024/25 Budget £'000	2024/25 Outturn £'000	2024/25 Variance £'000
307,937	315,612	7,675	Operational staff	348,437	352,257	3,820
73,093	73,342	249	Other staff	79,598	80,821	1,223
34,539	36,048	1,509	Employee related	36,990	33,028	(3,962)
20,773	23,005	2,232	Pensions	20,773	24,212	3,440
48,266	48,013	(253)	Premises	48,757	47,474	(1,283)
18,820	19,904	1,084	Transport	19,808	21,109	1,301
36,811	37,864	1,053	Supplies and services	40,928	37,364	(3,564)
1,333	1,854	521	Third party payments	1,333	2,258	925
11,524	10,585	(939)	Capital financing costs	16,000	15,538	(462)
(49)	-	49	Central contingency against inflation	(6,314)	-	6,314
553,047	**566,227**	**13,180**	**Total revenue expenditure**	**606,310**	**614,061**	**7,752**
(57,947)	(64,685)	(6,738)	Other income	(51,260)	(58,889)	(7,629)
495,100	**501,542**	**6,442**	**Net revenue expenditure**	**555,050**	**555,172**	**123**
(16,672)	(18,724)	(2,052)	Use of reserves	(29,107)	(25,457)	3,650
478,428	**482,818**	**4,390**	**Financing Requirement**	**525,943**	**529,715**	**3,773**
			Financed by:			
(32,628)	(31,945)	683	Specific grants	(31,790)	(28,673)	3,116
(445,800)	(445,800	-	GLA funding	(494,153)	(494,153)	-
-	**5,073**	**5,073**	**Net Financial Position**	**-**	**6,889**	**6,889**

CAPITAL EXPENDITURE

Total capital expenditure in the year was £87.0m, of which £2m from grants, with the remainder being funded by borrowing (£84.9m).

There were three main areas of spend, i.e. Right of Use Lease Assets (68%), Property (29%) and ICT (3%).

Outturn 2023/24 £'000	LFC Capital	Outturn 2024/25 £'000
2,047	ICT Projects	2,531
18,677	Property Projects	25,012
1,997	Fleet and Equipment Projects	93
5,668	Operational Policy Equipment	0
0	Right of Use Lease Assets*	59,340
28,389	**Total capital expenditure**	**86,976**
	Financed by:	
250	Reserves	0
332	Capital Receipts	28
1,046	Grants /Contributions	2,051
26,761	Use of existing reserves / Borrowing	84,897
28,389	**Total**	**86,976**

*From 2024/25, Right of Use of Lease Assets are being recognised under IFRS 16.

RESERVES

The LFC had total usable reserves of £52.5m as at 31 March 2025, comprising £14.4m in general reserves, £37.9m in earmarked reserves, and £0.2m in unapplied capital grants. A detailed breakdown of forecast composition and movements in the reserve balances is included elsewhere within the Statement of Accounts.

The general reserve is maintained at a minimum of 3.5% of the net revenue expenditure (£555.1m in 2024/25) of £19.4m. The draft outturn balance on the General Reserve at March 2025 is £14.4m, which is below the 3.5 per cent of the Net Revenue Expenditure budget planned to be held under the reserves policy of £19.4m.

Financial planning to return the General Reserve balance to planned levels are being taken forward through the Medium Term Financial Strategy with assumptions in line with the outturn position included in the 2025/26 final budget. The use of reserves in future years are as per the approved published Budget Report for 2024/25 and is included in Note 31 Going Concern.

PLANNED EXPENDITURE FOR FUTURE YEARS

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

Revenue

	2025-26 £'m	2026-27 £'m	2027-28 £'m
Corporate Services	87.1	83.2	87.1
Preparedness and Response	391.3	401.0	408.4
People	8.9	8.6	8.8
Transformation	3.5	4.5	4.1
Prevention, Protection and Policy	42.9	46.6	47.3
Communications	3.2	4.0	4.2
Saving yet to be identified	0.0	(18.0)	(16.7)
Net Service Expenditure	**536.9**	**529.9**	**543.2**
Capital Financing	17.5	25.3	32.1
Interest Receivable	(1.5)	(1.5)	(1.5)
Net Expenditure	**552.9**	**553.7**	**573.8**
Transfer to / (from) Reserves	(16.5)	2.0	0.7
Financing Requirement	**536.4**	**555.7**	**574.5**
Un-ringfenced Government Grants	4.4	4.4	4.4
Retained Business Rates	300.2	305.9	311.1
Council Tax Collection Fund Surplus / (Deficit)	0	0	0
Council Tax Requirement	**231.8**	**245.4**	**259.0**

Capital

Project	2024-25	2025-26	2026-27	2027-28	2028-29	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Schemes						
Properties	22.2	41.7	46.0	64.5	34.1	208.5
Fleet Replacement Plan	1.4	1.7	6.6	5.2	10.5	25.4
ICT Projects	4.2	11.8	10.6	3.5	2.5	32.6
Communications Project	0.1	0.3	0.3	0.0	0.0	0.7
Operational Policy Equipment	0.1	0.7	0.0	0.0	0.0	0.8
Optimism Bias (10 per cent)	(2.8)	(5.6)	(6.4)	(7.3)	(4.7)	(26.8)
Total Expenditure	**25.2**	**50.6**	**57.1**	**65.9**	**42.4**	**241.2**
Capital Financing						
Revenue Contributions	0.3	0.0	0.0	0.0	0.0	0.3
Capital Receipts	0.0	0.0	0.0	0.0	0.0	0.0
Capital Grants	1.7	0.6	0.2	0.0	0.0	2.5
External Borrowing*	23.2	50.0	56.9	65.9	42.4	238.4
TOTAL Funded Financing	**25.2**	**50.6**	**57.1**	**65.9**	**42.4**	**241.2**

The plans show a balanced revenue budget in 2025/26, after significant efficiencies/savings and extra funding from the Mayor of London. However, there is a budget gap of £18.0m in 2026/27 and a budget gap of £16.7m in 2027/28. This gap in future funding is largely due to substantial investment in modern firefighting / training, for which discussions are ongoing with local and national government regarding sustainable funding sources. These figures are as per the approved published Budget Report for 2025/26 (LFC–25-026).

FINANCIAL CHALLENGE

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

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

The final Local Government Finance Settlement for 2025/26 was published on the 3 February 2025. There remains considerable uncertainty in the medium term regarding future funding levels. The Government's Spending Review set overall budgets for government departments over the three years from 2026-27 but the implications for the LFC will only become clearer following the publication of the London Mayor's Budget Guidance for 2026/27 and also the new Local Government Finance Settlement.

As the UK's largest fire and rescue service, LFB worked closely with the GLA and National Fire Chiefs' Council (NFCC) to make the case for sustained funding as part of the government's Spending Review. LFB is an essential frontline service in saving lives and protecting property, receiving yearly on average, more than 200,000 calls (around a quarter of all calls to all fire services nationally) and tackling 16,000 fires. As well as making the case for core funding requirements to ensure we can continue to serve and protect London, we are also highlighting the fire sector and LFB's contribution to the government's priorities around housing and economic growth.

RISK MANAGEMENT

The latest iteration of the Brigade's internal risk management framework has been in operation since May 2021, with subsequent improvements, and enables the organisation to identify and manage significant corporate risks. The framework is applied LFB-wide, across departments, where risks are evaluated for their likelihood and impact. This provides a risk score and places them in the framework at an appropriate level (see below) whereby they can be monitored, managed, and scrutinised effectively. Risks, and risk management action, are reviewed at on a quarterly basis (with more frequent check-ins on red risks) at risk review meetings and/or local management meetings. A quarterly risk overview report is presented to Risk and Assurance Board to scrutinise the risk management framework as a whole, and where changes to red risks are considered. The Business Resilience departmental plan sets out the steps we are taking to continuously improve our approach to risk management.

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

Risk Level	Ownership and oversight
Red – Severe risks (Risk score of 20 and above)	Owned by Director Scrutinised by LFC and Audit Committee
Amber – Major risks (Risk score of 10 to 16)	Owned by Head of Service Scrutinised by Director
Yellow – Medium risks (Risk score of 4 to 9)	Owned by Lead Officer Scrutinised by Head of Service
Green – Minor risks (Risk score of 1 to 3)	Owned by Lead Officer Scrutinised by Head of Service

RED RISKS

The highest rated risks currently in the system are shown below with their current scores (with controls applied). These are red risks for which there are actions underway alongside further improvement actions to ultimately reduce the likelihood of the risks transpiring and/or their impacts to acceptable levels. For red (severe) risks, delivery of effective control actions is critical but can also be challenging due to the scope and depth of these types of risks.

Ref	Risk description	L	I	Score
ICT19	Supply chain attack against an LFB supplier that compromises the confidentiality, integrity, and availability of LFB data held within the third-party system; has potential to cause severe impact to services if critical systems and data are affected (e.g. control and mobilising system).	5	4	**20**
OP7	In an emergent and potentially unregulated alternative fuels market, the Brigade is unable to keep pace with new alternative fuel technology applications, complex fire dynamics and commercial uptake which potentially exposes the safety of our staff and the public at incidents.	4	5	**20**
ORC18	Increasing geo-political tensions lead to protracted and/or violent demonstrations in London (including terrorist activity) placing significant increased demand on services and the safety of our staff, impacting the Brigade's resilience and potentially resulting in a degradation of service	5	4	**20**
P2	Lack of training assurance means we do not know / have evidence to support whether or not our people are competent or safe to effectively undertake their day-to-day activities	4	5	**20**
PS13	Ineffective workforce planning processes (including lead in times for specialist skills) results in a resource and skills gap across all staff groups that negatively impacts our service delivery	4	5	**20**
CS3	The transformation portfolio becomes unaffordable meaning LFB is not able to deliver on all of its planned transformation improvements.	5	4	**20**

ACCOUNTING STATEMENTS

The following LFC's accounting statements have been prepared using the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. The Code is based on International Financial Reporting Standards (IFRS), except where interpretations or adaptations have been made to fit the Public Sector as detailed in the Code. Accounting policy changes arising out of the adoption of the IFRS-based Code are accounted for retrospectively unless the Code requires an alternative treatment. The accounts are supported by the Statement of Accounting Policies and by various notes to the accounts.

The following accounting statements comprise:

• THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

This sets out the respective responsibilities of the LFC and the Director for Corporate Services for the accounts.
The core accounting statements:

THE MOVEMENT IN RESERVES STATEMENT

This shows the movement in year on the different reserves held by the LFC, analysed into `usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Surplus/ (Deficit) on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The net increase/decrease before transfers to the earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

THE COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

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

THE BALANCE SHEET

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

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

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

THE CASH FLOW STATEMENT

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

The Statement of Accounts also includes the following Accounting Statements.

THE FIREFIGHTERS' PENSION SCHEMES FUND ACCOUNT

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

THE EXPENDITURE AND FUNDING ANALYSIS

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

THE ANNUAL GOVERNANCE STATEMENT (AGS)

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

CAPITAL EXPENDITURE

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

In 2024/25, total spending on the capital programme for tangible and intangible assets was £87.0m (£28.4m in 23/24). Spend included the rebuilding and modernising of fire stations and other buildings (£22.8m), upgrading ICT equipment (£2.5m), the purchase of fleet vehicles and equipment (£0.1) and under IFRS 16 the recognition of right of use assets (£59.3m). Capital expenditure on assets (£87.0m) has been financed in accordance with the Prudential Code, funded by capital receipts (£28k), grants (£2.1m) and use of existing reserves / borrowing (£84.9m).

The LFC took no new external borrowing during the year. Settlement of maturing principal debt during 2024/25 totalled £3.500m. As a result, as at 31 March 2025, the level of outstanding principal debt totalled £43.225m. The average interest payable on outstanding loans as at 31 March 2025 was 4.65% (4.71% at 1 April 2024).

INCOME AND EXPENDITURE FOR THE YEAR

The income and expenditure relate to monies collected and spent on the day to day running of the LFC's services, such as employees, premises, supplies and services costs, and income from levies and services we supply. The balance of expenditure that exceeds our income is funded by grant from the Greater London Authority (£494.1m) made up of Retained Business Rates (£282.7m) and Council Tax (£211.4m).

Before accounting adjustments required by the Code of Practice on Local Authority Accounting in the UK (that provides for the inclusion of accounting adjustments for pensions liabilities under International Accounting Standard 19 (IAS19) Retirement Benefits (see core statement note 28), depreciation, impairment and revaluation charges), the figure for net service expenditure for 2024/25 was £566.2m against a budgeted net expenditure sum of £613.7m including £25.5m in agreed use of reserves. The outturn position after application of reserves and grants was £6.9m more than the approved LFC budget.

Following movements between the LFC's general fund and reserves, the general fund balance decreased by £2.9m from £17.3m as at 1 April 2024 to £14.4m as at 31 March 2025 and the LFC's earmarked reserves decreased by £29.5m from £67.4m as at 1 April 2024 to £37.9m as at 31 March 2025.

Director for Corporate Services' Narrative Report (continued)

The £6.9m overspend in year was a combination of under and overspends as set out in the table on page 12 which provides a summary comparison of the actual and budgeted figures for the year. The figures exclude charges made in the main accounts for depreciation and pension liabilities as these costs are purely technical accounting adjustments and do not impact on the LFC's funding requirements through GLA grant.

ASSET VALUATIONS

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

Land valuations were also reviewed as at 31 March 2025.

PENSION FUND

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

The net pensions obligation, recorded in the Balance Sheet, for both the Local Government Pension Scheme (LGPS) and the Firefighters' Pension Schemes, as at 31 March 2025, is £4.616bn (31 March 2024 £5.040bn). This is the sum of the LFC's liabilities in both schemes arising from pension benefits accrued by employees, less the assets of the LGPS. Although this is a significant amount, it represents the future cost of pension benefits earned by employees rather than the in-year cost to the LFC.

The movement in the pension liability between years, a decrease of £424.1m relates mainly to the long-term liability for the firefighter schemes, as assessed by the LFC's actuary. The increase relates to a re-measurement of the schemes net defined liability considering the changes in demographic and financial assumptions (including interest rates).

FURTHER INFORMATION

Further information concerning the accounts is available from:

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

Mostaque Ahmed FCA
Director for Corporate Services and Chief Financial Officer
23 June 2025

Statement of Responsibilities for the Statement of Accounts

THE LONDON FIRE COMMISSIONER – RESPONSIBILITIES

The London Fire Commissioner (LFC) is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director for Corporate Services;
- to manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

DIRECTOR FOR CORPORATE SERVICES – RESPONSIBILITIES

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

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

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

The Director for Corporate Services has also:

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

CERTIFICATION OF THE DIRECTOR FOR CORPORATE SERVICES

I hereby certify that the Statement of Accounts on pages 27 to 120 gives a 'true and fair view' of the financial position of the LFC at the reporting date and of its expenditure and income for the year ended 31 March 2025.

M. Ahmed

Mostaque Ahmed FCA
Director for Corporate Services
Dated 23 June 2025

Audit Opinion and Certificate

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON FIRE COMMISSIONER

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Statement of Accounting Policies

ACCOUNTING POLICIES

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

GENERAL PRINCIPLES

The Statement of Accounts summarises the LFC's transactions for the financial year and its position at the year-end of 31 March 2025. The financial statements provide information about the LFC's financial performance, financial position and cash flow, which is useful to a wide range of users for assessing the stewardship of the LFC's management and for making economic decisions. The LFC has been required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and the Service reporting Code of Practice (SeRCOP), supported by International Financial Reporting Standards (IFRS) and other statutory guidance.

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

ACCRUALS OF INCOME AND EXPENDITURE

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

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

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

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

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

CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

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

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

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

EVENTS AFTER THE BALANCE SHEET DATE

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

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

PRIOR PERIOD ADJUSTMENT

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

FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

CASH ACCOUNTING POLICY

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

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

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

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

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

FOREIGN CURRENCY TRANSLATION

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

VALUE ADDED TAX

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

Accounting Standards Issued But Not Yet Adopted

At the balance sheet date, there were no new standards and amendments to existing standards that have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom.

CORE ACCOUNTING STATEMENTS

Comprehensive Income and Expenditure Statement

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

2023/24				2024/25			
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**	**Comprehensive Income and Expenditure Statement**	**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**	**Note**
396,986	(87,621)	309,365	Firefighting and rescue operations, community fire safety, emergency planning and civil defence	442,773	(81,252)	361,521	
		309,365	**Cost of services**			**361,521**	
(2,283)	(1,378)	(3,661)	Other operating income & expenditure	53,255	(2,079)	51,176	3
4,846	-		Interest payable and similar charges	7,611	-		10
-	(5,278)		Interest and investment income	-	(2,579)		10
229,990	-		Firefighter pensions net Interest on the net defined benefit liability	236,380	-		28
458			Support staff pension net interest on the net defined benefit liability	(2,170)			28
235,294	**(5,278)**	**230,016**	Financing and Investment Income and expenditure	**241,821**	**(2,579)**	**239,242**	
	(445,800)		GLA Grant		(494,153)		22
	(3,732)		PFI Grant		(3,732)		22
-	**(449,532)**	**(449,532)**	Taxation and Non-Specific Grant Income	-	**(497,885)**	**(497,885)**	
		86,188	**(Surplus) or Deficit on Provision of Services**			**154,054**	18
		53	Surplus on revaluation of non-current assets			(24,073)	4
		(63,925)	Re-measurement of the net defined benefit liability			(487,805)	4
		(63,872)	**Other Comprehensive Income and Expenditure**			**(511,878)**	
		22,316	**Total Comprehensive Income and Expenditure**			**(357,824)**	

Movement in Reserves Statement (MiRS)

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

Movement in Reserves	General Fund	Earmarked Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	
Balance as at 01/04/24	**(17,300)**	**(67,364)**	**(205)**	**(84,869)**	**4,665,927**	**4,581,058**	
(Surplus) or deficit on provision of services (accounting basis)	154,054	-	-	**154,054**		154,054	
Other Comprehensive Income & Expenditure		-	-		(511,878)	(511,878)	4
Total Comprehensive Income and Expenditure	**154,054**	**-**	**-**	**154,054**	**(511,878)**	**(357,824)**	
Adjustments between accounting basis & funding basis under regulations	**(121,708)**	**-**	**-**	**(121,708)**	**121,708**	-	*6*
Net Increase/Decrease before Transfers to Earmarked Reserves	**32,346**	**-**	**-**	**32,346**	**(390,170)**	**(357,824)**	
Transfers (to)/from Earmarked Reserves	(29,489)	29,489	-	-	-	-	7
Increase/(Decrease) in Year	**2,857**	**29,489**	**-**	**32,346**	**(390,170)**	**(357,824)**	
Balance as at 31/03/25	**(14,443)**	**(37,875)**	**(205)**	**(52,523)**	**4,275,757**	**4,223,234**	

Movement in Reserves Statement (MiRS) (continued)

The following table provides comparative figures for 2023/24:

Movement in Reserves	General Fund	Earmarked Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	
Balance as at 01/04/23	**(13,871)**	**(91,745)**	**(205)**	**(105,821)**	**4,664,563**	**4,558,742**	
(Surplus) or deficit on provision of services (accounting basis)	86,188	-	-	**86,188**		86,188	
Other Comprehensive Income & Expenditure		-	-		(63,872)	(63,872)	4
Total Comprehensive Income and Expenditure	**86,188**	**-**	**-**	**86,188**	**(63,872)**	**22,316**	
Adjustments between accounting basis & funding basis under regulations	**(65,236)**	**-**	**-**	**(65,236)**	**65,236**	-	*6*
Net Increase/Decrease before Transfers to Earmarked Reserves	**20,952**	**-**	**-**	**20,952**	**1,364**	**22,316**	
Transfers (to)/from Earmarked Reserves	(24,381)	24,381	-	-	-	-	7
Increase/(Decrease) in Year	**(3,429)**	**24,381**	**-**	**20,952**	**1,364**	**22,316**	
Balance as at 31/03/24	**(17,300)**	**(67,364)**	**(205)**	**(84,869)**	**4,665,927**	**4,581,058**	

Balance Sheet

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

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

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

I certify that the Balance Sheet gives a true and fair view of the financial position of the authority at 31 March 2025.

Mostaque Ahmed *FCA*
Director for Corporate Services
Date 23 June 2025

31 March 2024 £'000	31 March 2024 £'000	Balance Sheet	31 March 2025 £'000	31 March 2025 £'000	Note
		Property, Plant and Equipment			
236,559		Land	233,395		
201,446		Buildings	196,297		
66,569		Vehicles, Plant and Equipment	60,624		
20,070		Non Operational Assets	19,830		
12,645		Non Operational Assets – Other	5,694		
1,432		Heritage Assets	1,450		
-		Right of Use Lease Assets	47,667		
	538,721			**564,957**	9
446	**446**	Intangible Assets	284	**284**	9
247	**247**	**Long Term Debtors**	377	**377**	
	539,414	**Long Term Assets**		**565,618**	
1,264		Inventories	1,267		
52,739		Short Term Debtors	35,685		12
26,515		Cash and Cash Equivalents	18,641		13
1,823		Short Term Investments	1,459		
	82,341	**Current Assets**		**57,052**	
(3,520)		Short Term Borrowing	(25,063)		10
(53,863)		Short Term Creditors	(62,452)		14
(10,521)		Short term provisions	(15,426)		15
(1,583)		Short Term Liabilities	(1,592)		
	(69,487)	**Current Liabilities**		**(104,533)**	
(9,838)		Long term provisions	(1,098)		15
(43,594)		Long Term Borrowing	(38,527)		11
(5,079,894)		Other Long Term Liabilities	(4,701,746)		25
	(5,133,326)	**Long Term Liabilities**		**(4,741,371)**	
	(4,581,058)	**Net Assets**		**(4,223,234)**	
	(84,869)	Usable reserves		**(52,523)**	16
	4,665,927	**Unusable Reserves**		**4,275,757**	17
	4,581,058	**Total Reserves**		**4,223,234**	

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the LFC during the reporting period. The statement shows how the LFC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the LFC are funded by way of grant income or from recipients of services provided by the LFC.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the LFC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the LFC.

2023/24 £'000	Cash Flow Statement	2024/25 £'000	Notes
86,241	**Net (Surplus) or Deficit on the Provision of Services**	**129,981**	
(57,997)	Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	(145,244)	32
1,378	Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities	2,080	34
29,622	**Net cash flows from Operating Activities**	**(13,183)**	
28,834	Investing Activities	25,193	34
3,615	Financing Activities	(4,136)	34
62,071	**Net (Increase) or Decrease in Cash and Cash Equivalents**	**7,874**	
88,586	Cash and cash equivalents at the beginning of the period	26,515	13
26,515	**Cash and Cash Equivalents at the End of Period**	**18,641**	

NOTES TO CORE

ACCOUNTING STATEMENTS

Note 1 Critical Judgements in Applying Accounting Policies

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

PROVISION – GRENFELL TOWER CLAIMS

Public liability claims provision - the LFC, together with other relevant authorities, has received a number of claims in relation to public liability at the Grenfell incident. Although it is likely that all these claims have now been resolved; there remains some uncertainty surrounding 33 claims and for this reason a provision remains which is intended to cover damages and costs.

This provision is measured at the LFC's best estimate of the liability as at the date of authorisation of these accounts. These estimates include the estimated value of the settlements and the share for which the LFC may be liable. The level of the LFC's provision is set out in note 15.

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current carrying value of non-current assets (excluding Assets under Construction) as at 31st March 2025 is £559.3m (£526.1m at 31 March 2024). A full valuation of all Fire Stations was carried out as at 31 March 2025. The following issues result in heightened estimation uncertainty: • Use of existing assets rather than Modern Equivalent Asset (MEA) to determine existing use value using a depreciated replacement cost methodology. • Use of estimated disposal proceeds as a proxy for fair value as defined by IFRS 13.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that if land and building costs increased by an additional 5%, the land and building valuations would increase by £11.7m and £9.8m respectively.
Pension Liability	Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Two firms of consulting actuaries are engaged (one for the Local Government Pension Scheme and another for the Firefighters' scheme) to provide the LFC with expert advice about the assumptions to be applied. The current carrying value of the pension liability as at 31st March 2025 is £4,616m (£5,040m at 31 March 2024).Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Two firms of consulting actuaries are engaged (one for the Local Government Pension Scheme and another for the Firefighters' scheme) to provide the LFC with expert advice about the assumptions to be applied. The current carrying value of the pension liability as at 31st March 2025 is £4,616m (£5,040m at 31 March 2024).	The effects of the net pensions' liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption for the combined fire fighter pension scheme would result in an approximate 6.5% increase in the pension liability, in the region of £302m. However, the assumptions interact in complex ways. An increase or decrease in liability due to estimates being corrected because of experience can be offset by a decrease or increase attributable to updating of the assumptions. A sensitivity analysis is included in Note 28.

<table>
<tr>
<td>Public Liability Provision</td>
<td>The LFC has made a provision for its contribution to Restorative Justice (RJ) and public liability costs in relation to the Grenfell incident. This provision is estimated based on a number of complex assumptions relating to the possibility of contribution proceedings from other Defendants, relevant legal costs, alternative dispute resolution ("ADR") and the share of costs for which the LFC is liable. The current carrying value of the provision based on the above assumptions is £9,725k.

The LFC, together with other Defendants, has participated in two successful confidential ADR processes, which have resolved the employers' liability claims and most of the damages claims from members of the public (PL), in particular all claims from the bereaved survivors and residents. There are 33 PL claims which are still to be resolved. LFC is no longer a Defendant in these, but it remains a possibility that it will be asked to contribute to any settlements by other Defendants /
other Defendants may issue contribution proceedings. Therefore, some uncertainty remains as to whether further payments will be required to settle these claims (including costs) and the extent of LFC's potential liability.

LFC anticipate that the remaining claims will be settled, and damages paid this financial year (25/26) with costs paid by the end of the next financial year unless they have to be resolved by a costs judge. It has also been assumed that the RJ Consultation process will have been completed and
some or all of LFC's RJ contribution will have been paid to the ADR Claimants.</td>
<td>Significant changes in any of the estimated inputs would result in a significantly lower or higher settlement value for the claims.

The effects of changes in individual assumptions can be measured.

A 10% increase in the settlement value due to claims outside of the ADR process would result in an approximate £100k increase in the public liability provision. No provision was previously for these claims; the provision does now include an allowance for BLJ claimants.

A 10% increase or decrease in the legal costs of the public liability will increase or decrease the total provision by £1,953k.
<table>
<tr><th></th><th>Best case scenario</th><th>Current scenario</th><th>Worst case scenario</th></tr>
<tr><td>10% changes in legal cost</td><td>£7,775</td><td>£9,725</td><td>£11,678</td></tr>
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Note 3 Other operating expenditure

(a) Material items of income and expenditure

The LFC collected £41.4m (£38.2 in 2023/24) in the form of a levy placed on the insurance industry under the Metropolitan Fire Brigade (MFB) Act 1865. This is included as income in the net cost of services against 'community fire safety and firefighting and rescue operations.

This is an ongoing item and is LFB's most significant source of income outside the Mayoral grant.

(b) Other operating Income and Expenditure

2023/24 *£'000*	Other operating expenditure / (income)	2024/25 *£'000*
(332)	Proceeds from disposal of non-current assets in year	(28)
(1,046)	Capital Grants Received	(2,051)
(2,283)	Impairment of fixed assets	53,255
(3,661)	**CIES - Other operating expenditure/(income)**	**51,176**

Note 4 Other comprehensive income and expenditure

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

2023/24		Surplus or deficit on revaluation of non-current assets and actuarial (gains)/losses on pension assets/liabilities	2024/25	
£'000	**£'000**		**£'000**	**£'000**
53		Gain on the revaluation of Property assets	(24,073)	
		Loss on the revaluation of Property assets		
	53	**Surplus on revaluation of non current assets**		**(24,073)**
(28,290)		Actuarial (gains)/losses on Firefighter pension liabilities	(522,380)	
(35,635)		Actuarial (gains)/losses on LGPS pension assets/liabilities	34,575	
	(63,925)	**Actuarial (gains)/losses on pension assets/liabilities**		**(487,805)**
	(63,872)	**Total Other Comprehensive Income and Expenditure**		**(511,878)**

Note 5 Events After the Balance Sheet Date

The Statement of Accounts are due to be authorised for issue by Mostaque Ahmed, Director for Corporate Services, on 23 June 2025. Events taking place after this date are not currently reflected in the financial statements or notes. Where it subsequently becomes clear that events taking place before this date provide information about conditions existing as at 31 March 2025, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information.

Note 6 Adjustments between Accounting Basis and Funding Basis under Regulations

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

2024/25 - Adjustments between accounting basis and funding basis under regulations	**General Fund** **£'000**	**Total usable reserves** **£'000**	**Total unusable reserves** **£'000**
Depreciation, amortisation and impairment of fixed assets	31,715	31,715	(31,715)
Transfer of cash sale proceeds credits as part of the gain/loss on disposal to the CIES and Use of the Capital Receipts Reserve to finance new capital	(28)	(28)	28
MRP for capital financing. Not debited to the Comprehensive Income and expenditure account	(25,667)	(25,667)	25,667
Amounts of non current assets written off on disposal as part of the gain/loss on disposal to CIES	53,255	53,255	(53,255)
Amount by which pension costs calculated in accordance with Code are different from contributions due under the pension scheme regulations	63,708	63,708	(63,708)
Application of capital grants and contributions to capital financing transferred to the Capital Adjustment Account	(2,051)	(2,051)	2,051
Adjustment due to Accumulated Absences, reversal of prior year charge	(6,290)	(6,290)	6,290
Adjustment due to Accumulated Absences, current year charge	7,066	7,066	(7,066)
Total Adjustments	**121,708**	**121,708**	**(121,708)**

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

The following table provides comparative figures for 2023/24:

2023/24 - Adjustments between Accounting Basis and Funding Basis under Regulations	**General Fund** **£'000**	**Total usable reserves** **£'000**	**Total unusable reserves** **£'000**
Depreciation, amortisation, and impairment of fixed assets	19,465	19,465	(19,465)
Transfer of cash sale proceeds credits as part of the gain/loss on disposal to the CIES and use of the Capital Receipts Reserve to finance new capital	(332)	(332)	332
MRP for capital financing not debited to the Comprehensive Income and Expenditure account	(10,043)	(10,043)	10,043
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to CIES	(2,283)	(2,283)	2,283
Amount by which pension costs calculated in accordance with Code are different from contributions due under the pension scheme regulations	58,829	58,829	(58,829)
Application of capital grants and contributions to capital financing transferred to the Capital Adjustment Account	(1,046)	(1,046)	1,046
Adjustment due to accumulated absences, reversal of prior year charge	(5,645)	(5,645)	5,645
Adjustment due to accumulated absences, current year charge	6,291	6,291	(6,291)
Total Adjustments	**65,236**	**65,236**	**(65,236)**

Note 7 Transfers to/from Earmarked Reserves

Earmarked reserves	Balance as at 31/03/2023 £'000	Transfers out £'000	Transfers in £'000	Balance as at 31/03/2024 £'000	Transfers out £'000	Transfers in £'000	Balance as at 31/03/2025 £'000
Vehicle Fleet Reserve	2,159	(371)	570	2,358	(1,003)	-	1,355
London Resilience	771	-	570	1,341	(522)	-	819
Sustainability Reserve	171	-	-	171	-	-	171
Hydrants	119	(119)	-	-	-	-	-
Compensation	925	(176)	-	749	(749)	-	-
Pension Early Release	1,564	(5)	-	1,559	(484)	-	1,075
CRMP	2,573	(900)	3,015	4,688	(2,767)	-	1,921
Emergency Services Mobile Communication Programme	888	-	-	888	-	-	888
Emergency Medical Response	294	(294)	-	-	-	-	-
ICT Development Reserve	2,663	(32)	-	2,631	(1,760)	204	1,075
Recruitment / Outreach	-	-	1,342	1,342	(300)	-	1,042
Fire Safety & Youth Engagement	8,189	(1,612)	-	6,577	(11)	-	6,566
Budget Flexibility	24,769	(21,372)	13,873	17,270	(16,475)	-	795
Capital Receipt - GLA	7,045	(7,045)	-	-	-	-	-
LFC Control Centre	729	(729)	-	-	-	-	-
Organisational Reviews	150	(150)	-	-	-	-	-
National Operational Guidance Project	328	-	-	328	(328)	-	-
Transformation Reserve	3,015	(3,015)	-	-	-	-	-
In Year Savings Reserve	3,600	(3,600)	-	-	-	-	-
Grenfell Infrastructure Reserve	503	(288)	-	215	-	-	215
Fire Safety Improvement Reserve	29,680	(4,969)	-	24,711	(7,280)	354	17,785
Building Safety Regulator	-	-	1,711	1,711	-	245	1,956
Leadership Reserve	350	(223)	-	127	(100)	-	27
Marauding Terrorist Attack	997	(711)	-	286	(100)	-	186
Communication Reserve	83	(87)	114	110	-	-	110
HR Reserve	-	-	107	107	-	-	107
Finance Reserve	-	-	15	15	-	-	15
LFB Museum Project	180	-	-	180	(100)	-	80
2024/25 Investment / Project Carry Forward	-	-	-	-	-	1,687	1,687
Total	**91,745**	**(45,698)**	**21,317**	**67,364**	**(31,979)**	**2,490**	**37,875**

Note 8 Minimum Revenue Provision

The LFC is required by statute to set aside a minimum revenue provision, that it considers prudent, for the repayment of external debt and notional interest on credit arrangements, principally leases. The total amount set aside to the Capital Adjustment Account in 2024/25 was £25.667m (in 2023/24 it was £10.043m), being assessed by the LFC as being prudent.

Note 9 Property Plant and Equipment

ACCOUNTING POLICIES

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

RECOGNITION

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

MEASUREMENT

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

Note 9 Property, Plant and Equipment (continued)

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

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

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

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

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

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

IMPAIRMENT

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

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

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

DEPRECIATION

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

Note 9 Property, Plant and Equipment (continued)

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

Depreciation is calculated on the following bases:

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

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

COMPONENT ACCOUNTING

For assets, where the value is classed as material to the LFC (£5m and above), component accounting is applied. Componentisation is applicable to any significant enhancement and/or acquisition expenditure incurred and revaluations carried out as from 1st April 2010.

During 2024/25, the non-current tangible assets of the LFC were revalued and this included a re-consideration of the components. Component accounting requirements affects the depreciation charge levied in subsequent financial years. Componentisation does not apply to land assets, and it only applies where an item of property, plant and equipment has major components where the cost of these is significant (20% or above) in relation to the total cost of the asset. Where this occurs, the components are recognised and depreciated separately according to their useful lives.

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

Note 9 Property, Plant and Equipment (continued)

SURPLUS ASSETS

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

DISPOSALS AND NON-CURRENT ASSETS HELD FOR SALE

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

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

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

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

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

PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

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

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

Note 9 Property, Plant and Equipment (continued)

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

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

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

IFRS 16 Leases

Under the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'CIPFA Code of Practice') International Financial Reporting Standard 16 Leases (IFRS 16) must be implemented prospectively by the LFC in 2024/25.

Under IFRS 16, the accounting treatment for all leases the LFC has entered into as the lessee/tenant (except those with a term of less than 12 months and those involving low value items) will be to recognise:

- a right-of-use asset on the Balance Sheet, measuring the value of our right to use the asset over the remaining term of the lease
- a liability for the rents payable before the lease expires

This differs from the current practice of only recognising the assets and liabilities associated with finance leases on the Balance Sheet.

Hence, the main impact of adopting IFRS 16 is that property and other assets of which the LFC has secured the use of under the terms of operating leases (except those with a term of less than 12 months and those involving low value items) must be recognised on the Balance Sheet, together with the associated liability to pay for those assets. [In these accounts, they are recognised as part of PPE.] The associated lease liability is reflected in short- and long-term liabilities.

In previous periods, these assets and liabilities were not recognised, and the lease rental payments were charged as revenue expenditure as they become payable.

IFRS 16 requires that, when lease rentals are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset is reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements allow the impact on the General Fund balance to be unchanged, such that the overall charge for each year will be the rents payable in that year.

IFRS 16 requires the remeasurement of lease liabilities in the event of a significant event or change that was not pre-determined in the lease contract; for example, where payments are increased in line with an inflation index such as RPI or CPI. In this situation, the liability must be recalculated based on the revised level of payments. This requirement applies to leases and to Private Finance Initiative (PFI) arrangements (except those with a term of less than 12 months and those involving low value items) from 1 April 2024.

Note 9 Property, Plant and Equipment (continued)

The table below shows the movements in the LFC's non-current assets during 2024/25:

Movement in Balances 2024/25	Land and buildings £000	Vehicles, plant and equipment £000	Surplus assets £000	Assets under construction £000	Heritage assets £000	Right of use lease assets[1] £000	Total £000
Cost or valuation							
As at 1 April 2024	**444,409**	**144,181**	**20,070**	**12,646**	**1,432**	**-**	**622,738**
Additions	22,657	1,418	-	3,561	-	59,339	86,975
Revaluation increases / (decreases) recognised in Revaluation Reserve	6,575	-	(240)	-	18	-	6,353
Revaluation increases / (decreases) recognised in the CIES	(53,255)	-	-	-	-	-	(53,255)
Derecognition – Disposals	-	(2,279)	-	-	-	-	(2,279)
Derecognition - Other	-	-	-	(1)	-	-	(1)
Other movements in cost or valuation	**9,306**	**1,206**	**-**	**(10,512)**	**-**	**-**	-
As at 31 March 2025	**429,692**	**144,526**	**19,830**	**5,694**	**1,450**	**59,339**	**660,531**
Accumulated depreciation and impairment							
As at 1 April 2024	**(6,404)**	**(77,612)**	**-**	**(1)**	**-**	**-**	**(84,017)**
Depreciation charge for 2024/25	(11,315)	(8,565)	-	-	-	(11,672)	(31,552)
Derecognition – disposals	-	2,275	-	1	-	-	2,276
Write out of accumulated depreciation	17,719	-	-	-	-	-	17,719
As at 31 March 2025	**-**	**(83,902)**	**-**	**-**	**-**	**(11,672)**	**(95,574)**
Net book value:							
As at 31 March 2024	**438,005**	**66,569**	**20,070**	**12,645**	**1,432**	-	538,721
As at 31 March 2025	**429,692**	**60,624**	**19,830**	**5,694**	**1,450**	47,667	564,957

[1]No prior year comparative, as first year of bringing in the asset

Note 9 Property, Plant and Equipment (continued)

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

Movement in Balances 2023/24	**Land and buildings £000**	**Vehicles, plant and equipment £000**	**Surplus assets £000**	**Assets under construction £000**	**Heritage assets £000**	**Total £000**
Cost or valuation						
As at 1 April 2023	**444,514**	**122,354**	**15,805**	**19,479**	**1,432**	**603,584**
Additions	6,535	9,712	-	12,142	-	28,389
Revaluation increases/(decreases) recognised in Revaluation Reserve	(14,108)	-	4,265	-	-	(9,843)
Revaluation increases/(decreases) recognised in CIES	2,283	-	-	-	-	2,283
Derecognition – disposals	-	(1,675)	-	-	-	(1,675)
Derecognition – other	828	-	-	(828)	-	-
Other movements in cost or valuation	**4,357**	**13,790**	**-**	**(18,147)**	**-**	-
As at 31 March 2024	**444,409**	**144,181**	**20,070**	**12,646**	**1,432**	**622,738**
Accumulated depreciation and impairment						
As at 1 April 2023	**(4,566)**	**(71,702)**	**-**	**(1)**	**-**	**(76,269)**
Depreciation charge for 2023/24	(11,628)	(7,562)	-	-	-	(19,190)
Derecognition – disposals	-	1,652	-	-	-	1,652
Write out of accumulated depreciation	9,790	-	-	-	-	9,790
As at 31 March 2024	**(6,404)**	**(77,612)**	**-**	**(1)**	**-**	**(84,017)**
Net book value:						
As at 31 March 2023	**439,948**	**50,652**	**15,805**	**19,478**	**1,432**	**527,315**
As at 31 March 2024	**438,005**	**66,569**	**20,070**	**12,645**	**1,432**	**538,721**

RIGHT OF USE LEASE ASSETS

THE LFC AS A LESSEE - FINANCE LEASES

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

Note 9 Property, Plant and Equipment (continued)

Lease payments are apportioned between:
· A charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
· A finance charge (debited to the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement).

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

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

Movement in Balances 2024/25	**Property Leases £000**	**Vehicles Leases £000**	**ICT Leases £000**	**Equipment Leases £000**	**Total £000**
Cost or Valuation					
As at 1 April 2024	**-**	**-**	**-**	**-**	**-**
IFRS 16 Implementation - adjustments on adoption	49,515	2,255	830	6,740	59,340
As at 31 March 2025	**49,515**	**2,255**	**830**	**6,740**	**59,340**
Accumulated depreciation and impairment					
As at 1 April 2024	**-**	**-**	**-**	**-**	**-**
Depreciation charge for 2024/24	(7,870)	(907)	(240)	(2,656)	(11,673)
As at 31 March 2025	**(7,870)**	**(907)**	**(240)**	**(2,656)**	**(11,673)**
Net Book Value:					
As at 31 March 2024	**-**	**-**	**-**	**-**	**-**
As at 31 March 2025	**41,645**	**1,348**	**590**	**4,084**	**47,667**

No comparatives for 2023/24 have been calculated as they were under operating leases, IAS 17, prior to IFRS 16 adoption in April 2024.

Note 9 Property, Plant and Equipment (continued)

RECONCILIATION OF THE CARRYING VALUE OF LEASE LIABILITIES

Reconciliation	Property Leases	Vehicles Leases	ICT Leases	Equipment Leases	Total
	£000	£000	£000	£000	£000
Carrying Value at 31 March 2024	52,961	1,210	267	5,603	60,041
lease liability remeasurements	3,540	1,924	806	3,785	10,055
interest charge arising in year	2,303	105	39	314	2,761
Lease payments (cash outflows)	(9,289)	(984)	(282)	(2,962)	(13,517)
Carrying Value at 31 March 2025	**41,645**	**1,348**	**590**	**4,084**	**47,667**

MATURITY ANALYSIS OF FUTURE LEASE PAYMENTS AT 31 MARCH 2025

Future lease payments	Property Leases	Vehicles Leases	ICT Leases	Equipment Leases	Total
	£000	£000	£000	£000	£000
Not later than one year	7,310	756	179	2,651	10,896
Later than one year and no later than five years	16,896	620	408	1,440	19,364
Later than five years	18,323	-	-	-	18,323
Finance charges allocated for period	(884)	(28)	3	(7)	(916)
Total	**41,645**	**1,348**	**590**	**4,084**	**47,667**

MATURITY ANALYSIS OF FUTURE LEASE PAYMENTS AT 31 MARCH 2024

Future lease payments	Property Leases	Vehicles Leases	ICT Leases	Equipment Leases	Total
	£000	£000	£000	£000	£000
Not later than one year	6,986	879	243	2,649	10,757
Later than one year and no later than five years	20,943	1,376	534	4,091	26,944
Later than five years	21,586	-	53	-	21,639
Finance charges allocated for period	-	-	-	-	-
Total	**49,515**	**2,255**	**830**	**6,740**	**59,340**

Note 9 Property, Plant and Equipment (continued)

BASIS OF VALUATIONS

OPERATIONAL PORTFOLIO

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

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

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

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

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

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

THE FORMER LFEPA HEADQUARTERS

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

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

SURPLUS ASSETS

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

LFC is satisfied that the MV figures provided meet the requirements of 'fair value' as deemed by the CIPFA Code of Practice for Local Authority Accounting 2024/25. On the basis of this, we are of the view that the figures referred to in our accounts are a reasonable reflection of the present values of our property interests.

Note 9 Property, Plant and Equipment (continued)

ASSETS HELD FOR SALE

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

FREEHOLD AND LONG LEASEHOLD INTERESTS

The freehold and long leasehold interests in the various properties which are owned by the London Fire Commissioner (LFC) were valued by External Valuers, Sanderson Weatherall LLP, Chartered Surveyors and Property Consultants, at 31st March 2023, in accordance with the current edition of the RICS Valuation – Global Standards effective from 31st January 2022, including the UK National Supplement effective from 14th January 2019 ('the Red Book').

VALUER'S REPORT

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

Of the £430.0m net book value of land and buildings subject to valuation, £415.6m relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the London Fire Brigade of replacing the service potential of the assets.

VEHICLES

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

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

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

INTANGIBLE ASSETS

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the LFC will be able to generate future economic benefits or service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

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

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

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

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

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

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

The table below shows the movements in the LFC's intangible assets during 2024/25:

Movement in Balances 2024/25	**Operational**			**Under development (non-operational)**		
	Software licences £'000	**In-house software £'000**	**Total £'000**	**Software licences £'000**	**In-house software £'000**	**Total £'000**
Balances at 1 April 2024						
Gross carrying amounts	14,355	13,192	27,547	-	-	-
Accumulated amortisation	(14,345)	(12,756)	(27,101)	-	-	-
Net carrying amount at 1 April 2024	10	436	446	-	-	-
Reclassification	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Amortisation for the period	(10)	(152)	(162)	-	-	-
Net carrying amount at 31 March 2025	**-**	**284**	**284**	**-**	**-**	**-**
Comprising:						
Gross carrying amounts	14,355	13,192	27,547	-	-	-
Accumulated amortisation	(14,355)	(12,908)	(27,263)	-	-	-
Net carrying amount at 31 March 2025	**-**	**284**	**284**	**-**	**-**	**-**

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

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

HERITAGE ASSETS

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

Note 10 Financial Instruments

ACCOUNTING POLICY

FINANCIAL LIABILITIES

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

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

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

FINANCIAL ASSETS

Financial assets are recognised within the Statement of Accounts when the Authority becomes party to the contractual provisions of the instrument or, in the case of debtors, when the contract obligations have been met. Financial assets are classified into three types, each type based on the business model for holding the instruments and the expected cashflow characteristics of them:

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

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

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

Note 10 Financial Instruments (continued)

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

31 March 2024		Financial liabilities and assets at amortised cost	31 March 2025	
Long-term	**Current**		**Long-term**	**Current**
£'000	**£'000**	**Borrowings**	**£'000**	**£'000**
43,225	3,500	Public Work Loan Board (PWLB) debt	38,225	5,000
369	20	PWLB accrued interest	302	63
-	-	Short-term borrowing	-	20,000
43,594	**3,520**	**Total borrowings**	**38,527**	**25,063**
38,327	1,583	PFI and finance lease liabilities	36,735	1,592
38,327	**1,583**	**Total other long-term liabilities**	**36,735**	**1,592**
-	15,331	Creditors	-	17,761
81,921	**20,434**	**TOTAL**	**75,262**	**44,416**

31 March 2024		Financial liabilities and assets at amortised cost	31 March 2025	
Long-term	**Current**		**Long-term**	**Current**
£'000	**£'000**	**Loans and receivables**	**£'000**	**£'000**
-	-	Investments	-	-
-	-	Short term investments	-	-
-	-	Accrued interest	-	-
-	**-**	**Total investments**	**-**	**-**
247	7,392	Debtors	377	4,175
-	26,515	Cash equivalents	-	18,641
247	**33,907**	**TOTAL**	**377**	**22,816**

Note 10 Financial Instruments (continued)

FINANCIAL INSTRUMENTS GAINS/(LOSSES)

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

2023/24 £'000	Financial instruments income and expenditure	2024/25 £'000
4,846	Interest expense	7,611
(5,278)	Interest income	(2,579)
(432)	**Net loss/(gain) for the year**	**5,032**

2023/24 £'000	Financial instruments income and expenditure	2024/25 £'000
2,100	PWLB borrowing	2,210
2,746	PFI lease interest and contingent rentals	5,401
4,846	**Total interest expense**	**7,611**

Note 10 Financial Instruments (continued)

FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

The valuations use the Net Present Value (NPV) approach, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the NPV calculation should be equal to the same instrument from a comparable lender. The discount rates were obtained by the LFC's treasury advisor MUFG Corporate Markets and PWLB from the market on 31 March 2025, using bid prices where applicable.

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

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

31 March 2024			31 March 2025	
Carrying amount	**Fair value**	**Liabilities and assets**	**Carrying amount**	**Fair value**
£'000	**£'000**		**£'000**	**£'000**
46,725	49,012	Public Work Loan Board Debt (PWLB)	43,225	43,299
-	-	Short-term borrowing	-	-
38,327	38,327	PFI and other finance leases	36,734	36,734
15,331	15,331	Trade and other creditors	17,761	17,761
100,383	**102,670**	**Total liabilities**	**97,720**	**97,794**
7,392	7,392	Trade and other debtors	4,175	4,175
247	247	Long term debtors	377	377
26,515	26,515	Cash and cash equivalents	18,641	18,641
34,154	**34,154**	**Total assets**	**23,193**	**23,193**

*The value of debtors and creditors reported in the table are solely those amounts meeting the definition of a financial instrument.
**LFB financial instruments, including loans and other borrowings, are measured at fair value by utilising a premature rate, rather than the new loan rate for specific financial instruments. LFB has adopted the premature loan rate at £43,299k rather than the new loan rate of £40,558k, as we do not currently intend to take out any additional external loans.

NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

KEY RISKS

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

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

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

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

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

OVERALL PROCEDURES FOR MANAGING RISK

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

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

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

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

The annual TMS for 2024/25, which incorporates the prudential indicators and investment strategy, approved by LFC on 12th March 2025 and is available on the LFC website (LFC-25-031).

The key issues within the strategy were:

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

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

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

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

CREDIT RISK

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

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

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

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

The LFC's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the LFC's deposits, but there was no evidence as at the 31 March 2025 that this was likely to crystallise.

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

The closing investment position on the LTLF, as at 31 March 2025, was £8.8m (£19.2m as at 31 March 2024) with a weighted average maturity of 91 days. Including a sum held on a NatWest call account (£2.8m), the total investment position as at 31 March 2025 was £10.7m (£19.6m as at 31 March 2024). Cumulative performance for the year was 6.9% and attracted interest of £2.8m. The performance figure is net of fees.

LIQUIDITY RISK

The LFC manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system,

31 March 2024 £'000	**Maturity analysis**	**31 March 2025 £'000**
3,500	Within 1 year	5,000
5,000	Between 1 and 2 years	5,725
8,725	Between 2 and 5 years	6,000
6,000	Between 5 and 10 years	3,000
23,500	More than 10 years	23,500
46,725	**Total**	**43,225**

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

as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

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

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

REFINANCING AND MATURITY RISK

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

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

This includes:

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

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

Maturity analysis of fixed rate borrowing	Approved upper limits	Approved lower limits	Actual 31/03/2024	Actual 31/03/2025
Less than 1 year	20%	0%	7%	12%
Between 1 and 2 years	20%	0%	11%	13%
Between 2 and 5 years	50%	0%	19%	14%
Between 5 and 10 years	75%	0%	13%	7%
More than 10 years	90%	25%	50%	54%

MARKET RISK

INTEREST RATE RISK

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

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

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

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

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

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

Sensitivity analysis	**Best case scenario**	**Current scenario**	**Worst case scenario £'000**
Interest payable (PWLB) – %	**3.65%**	**4.65%**	**5.65%**
Interest payable (PWLB) – £'000	1,735	2,210	2,685
Interest receivable – %	**4.01%**	**5.01%**	**6.01%**
Interest receivable – £'000	(2,064)	(2,579)	(3,094)
Total – £'000	**(329)**	**(369)**	**(409)**

Note 11 Long Term Borrowing

31 March 2024	Long-term borrowing	31 March 2025
£'000	**The sources are:**	**£'000**
43,225	Public Works Loan Board	38,225
43,225	**Total**	**38,225**
	These loans mature as follows:	
5,000	Between 1 and 2 years	5,725
8,725	Between 2 and 5 years	6,000
6,000	Between 5 and 10 years	3,000
5,000	Between 10 and 15 years	7,000
18,500	More than 15 years	16,500
43,225		**38,225**
369	Add accrued interest	302
43,594	**Total**	**38,527**

Note 12 Debtors

SHORT TERM DEBTORS

These are as illustrated in the table:

31 March 2024 £'000	Debtors	31 March 2025 £'000
36,394	Central government bodies - Home Office	22,331
5,632	Central government bodies - HMRC	5,178
20	Central government bodies – other	-
8,501	Other entities and individuals	5,066
(1,109)	Impairment allowance for doubtful debts	(891)
3,301	Payments in advance	4,001
52,739	**Total debtors**	**35,685**

Aged debt analysis	Greater than 2 years £'000	1-2 years £'000	120-365 days £'000	90-120 days £'000	60-90 days £'000	0-60 days £'000	Total £'000
Sundry debt (excl. MFB)	13	184	387	317	37	698	1,636
Third party claims	15	3	0	0	0	0	18
Metropolitan Fire Brigade (MFB) Act	12	(2)	3,019	0	0	0	3,029
Total	40	185	3,406	317	37	698	4,683

IMPAIRMENT ALLOWANCE

Following a review of the particular circumstances and profile of the LFC's debtors, the general provision of £1,109k brought forward from 2023/24 to safeguard against future losses or non-recoveries has decreased by £218k during the year to £891k. The aged debt analysis shows that £4.683m (£11.122m 2023/24) of the total outstanding debt is past its due date for payment. All outstanding debt shown below has been allowed for in the LFC's assessment of bad debt provision. The third-party debts are being repaid in instalments.

Note 13 Cash and cash equivalents

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

The majority of the LFC's investments are held and managed in the London Treasury Liquidity Fund (LTLF), an investment partnership between six local authorities structured as a register Alternative Investment Fund (AIF), to which the Director for Corporate Services is a syndic and the LFC's representative. Funds held within LTLF are instantly available to LFC.
In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the LFC's cash management.

31 March 2024 £'000	Cash and cash equivalents	31 March 2025 £'000
10	Cash held by the authority	10
6,948	Bank current accounts	7,916
19,557	Short term deposits held on demand	10,715
26,515	**Total cash and cash equivalents**	**18,641**

Note 14 Creditors

31 March 2024 £'000	Creditors	31 March 2025 £'000
10,139	Central government bodies – HMRC	9,848
(110)	Central government bodies – Home Office	(198)
(373)	Other local authorities	50
15,331	Other entities and individuals	17,761
6,290	Accumulated absences	7,066
22,586	Receipts in advance	27,925
53,863	**Total creditors**	**62,452**

Note 15 Provisions

PROVISIONS

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

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

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

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

Public Liability claims provision

The LFC, together with other relevant entities/authorities, has received a number of claims in relation to public liability following the Grenfell Tower incident. These claims relate to the impact of, and the circumstances and environment presented at, the incident, and therefore entities/authorities other than LFC may share the liability. The LFC has raised a provision for its share of the total liability which is based on the estimated value of the settlements and other relevant costs. Using this information, a provision was made for £10,778k. Much of this was used to settle claims in the financial year 2022/23, and at the beginning of the present year the value of the provision stood at £5,825k, which was utilised in the current financial year; and, on the basis of improved information about the nature of the claims and the potential costs involved, the value of this provision has been revised by £1,425k.

In addition, a long term provision was also made for Restorative Justice costs at a total of £8,250k. LFC has now begun the process for making these payments in 2025/26 and thus have transferred this provision to short term, resulting in a revised value of £9,725k.

Short Term Provisions 2024/25	**Public liability**	**Employer liability**	**Immediate detriment**	**Legal**	**Motor insurance**	**MFB refund**	**MMI insurance levy**	**Car leases**	**EU grant repayments**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Opening balance	5,825	-	-	3,415	-	75	-	855	351	10,521
Increase/(decrease) in provision during the year	3,900	-	-	1,696	-	-	-	164	-	5,760
Utilised during the year	-							(855)		(855)
Closing balance	**9,725**	**-**	**-**	**5,111**	**-**	**75**	**-**	**164**	**351**	**15,426**

Long Term Provisions 2024/25	**Public liability**	**Employer liability**	**Immediate detriment**	**Legal**	**Motor insurance**	**MFB refund**	**MMI insurance levy**	**Car leases**	**EU grant repayments**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Opening balance	8,250	-	-	-	931	510	147	-	-	9,838
Increase/(decrease) in provision during the year	(8,250)	-	-	-	(588)	-	98			(8,740)
Utilised during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**	**343**	**510**	**245**	**-**	**-**	**1,098**

Note 16 Usable Reserves

ACCOUNTING POLICY

The LFC sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement on the 'provision of services' line in the Comprehensive Income and Expenditure Statement. The usable reserves consist of the LFC's General Fund (£14.442m) and a range of earmarked reserves for specific purposes, including the Budget Flexibility Reserve, of £37.875m; £0.205m is also held as a capital grant unapplied. Movements in the LFC's usable reserves are detailed in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure statement.

Note 17 Unusable Reserves

31 March 2024 *£'000*	Unusable reserves	31 March 2025 *£'000*
(235,897)	Revaluation Reserve	(259,970)
5,039,671	Pension Reserve	4,615,574
(144,137)	Capital Adjustment Account	(86,913)
6,290	Accumulated Absences Account	7,066
4,665,927	**Total Unusable Reserves**	**4,275,757**

REVALUATION RESERVE

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

The balance of the Revaluation Reserve is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation;
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2023/24		Revaluation Reserve	2024/25	
£'000	£'000		£'000	£'000
	(237,930)	Balance as at 1 April		(235,897)
53		Upward revaluation of assets		
		Downward revaluation of assets and impairment losses not charged to the surplus/deficit on 'provision of services'	**(24,073)**	
	53	Surplus or deficit on revaluation of non-current assets not posted to the surplus/deficit on 'provision of services'		**(24,073)**
	1,980	Adjustment to historical cost depreciation		
		Difference between fair value depreciation and historical cost depreciation		
		Accumulated gains on assets sold or scrapped		
	-	Amount written off to the Capital Adjustment Account		
	(235,897)	**Balance at 31 March**		**(259,970)**

CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the LFC as finance for the costs of acquisition, construction and enhancement.

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

2023/24 £'000	2023/24 £'000	Capital Adjustment Account	2024/25 £'000	2024/25 £'000
	(147,918)	Balance at 1 April		(144,137)
17,182		Charges for depreciation and impairment of non-current and intangible assets	84,970	
		Revaluation losses on property, plant and equipment		
		Other derecognition (8 A E)		
		Amounts of non-current assets de-recognised or written off on the disposal or sale as part of the gain/loss on disposal to Comprehensive Income and Expenditure		
	17,182			**84,970**
(332)		Use of capital receipts to finance new capital expenditure	(28)	
(1,980)		Adjustment to historical depreciation		
		Adjusting amounts written out to the Revaluation Reserve		
		Capital grant and contributions credited to Comprehensive Income and Expenditure that have been applied to capital financing		
(1,046)		Application of grants to capital financing from capital grants unapplied	(2,051)	
(10,043)		Statutory provision for the financing of capital investments charged against the General Fund	(25,667)	
	(13,401)			**(27,746)**
	(144,137)	**Balance at 31 March**		**(86,913)**

PENSIONS RESERVE

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

The LFC accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the LFC makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the LFC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023/24 £'000	Pensions Reserve	2024/25 £'000
5,044,767	Balance at 1 April	5,039,671
(63,925)	Actuarial (gains)/losses on pensions assets and liabilities	(487,805)
262,493	Reversal of items relating to retirement benefits debited or credited to the surplus/deficit on the 'provision of services' line in the Comprehensive Income and Expenditure Statement	266,160
(203,664)	Employer's pensions contributions and direct payments to pensioners payable in the year	(202,452)
5,039,671	**Balance at 31 March**	**4,615,574**

ACCUMULATED ABSENCES ACCOUNT

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

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

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

The Accumulated Absences account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

2023/24		Accumulated Absences account	2024/25	
£'000	£'000		£'000	£'000
	5,644	Balance as at 1 April		6,290
(5,644)		Settlement or cancellation of accrual made at the end of the preceding year	(6,290)	
6,290		Amounts accrued at the end of the current year	7,066	
	646	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		776
	6,290	**Balance as at 31 March**		**7,066**

Note 18 Expenditure and Income Analysed By Nature

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

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

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

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

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

2023/24 £'000	Expenditure and Income Analysed by Nature	2024/25 £'000
507,482	Employee benefits expenditure	554,803
40,828	Premises	33,961
19,941	Transport	20,124
37,865	Supplies and services	34,121
1,853	Third party payments	2,259
4,846	Interest payments	7,611
17,182	Depreciation and impairment	84,970
629,997	**Total expenditure**	**737,849**
(59,408)	Fees, charges and other service income	(56,311)
(5,278)	Interest and investment income	(2,579)
(332)	Gain on disposal of non-current assets	(28)
(31,945)	Government grants and contributions	(28,673)
(445,800)	GLA Funding	(494,153)
(1,046)	Insurance receipts	(2,051)
(543,809)	**Total income**	**(583,795)**
86,188	**(Surplus) or deficit on provision of services**	**154,054**

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

Note 18 Expenditure and Income Analysed By Nature (continued)

EXPENDITURE AND FUNDING ANALYSIS

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

Expenditure and Funding Analysis	2024/25 Expenditure chargeable to General Fund £'000	Adjustments between funding and accounting basis £'000	Net expenditure in CIES £'000
Firefighting and rescue operations, community fire safety, emergency planning and civil defence	499,532	(138,011)	361,521
Cost of services	**499,532**	**(138,011)**	**361,521**
Other income and expenditure	(467,186)	259,719	(207,467)
(Surplus)/Deficit on provision of services	**32,346**	**121,708**	**154,054**
Opening General Fund balance			(17,300)
Surplus)/Deficit on provision of services			32,346
Transfers (to)/from earmarked reserves			(29,489)
Closing General Fund balance			**(14,443)**

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2024/25 Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	Net change for other adjustments £'000	Adjustments between funding and accounting basis £'000
Firefighting and rescue operations, community fire safety, emergency planning and civil defence	31,715	(170,502)	776	(138,011)
Cost of services	**31,715**	**(170,502)**	**776**	**(138,011)**
Other income and expenditure from the expenditure and funding analysis	27,560	234,210	(2,051)	259,719
Difference between General Fund surplus/deficit and the Comprehensive Income and Expenditure Statement: surplus/deficit on the provision of services	**59,275**	**63,708**	**(1,275)**	**121,708**

Note 18 Expenditure and Income Analysed By Nature (continued)

The following table provides comparative figures for 2023/24:

Expenditure and Funding Analysis	**2023/24** **Expenditure chargeable to General Fund** **£'000**	**Adjustments between funding and accounting basis** **£'000**	**Net expenditure in CIES** **£'000**
Firefighting and rescue operations, community fire safety, emergency planning and civil defence	460,873	(151,508)	309,365
Cost of services	**460,873**	**(151,508)**	**309,365**
Other income and expenditure	(439,921)	216,744	(223,177)
(Surplus)/Deficit on provision of services	**20,952**	**65,236**	**86,188**
Opening General Fund balance			(13,871)
Surplus)/Deficit on provision of services			**20,952**
Transfers (to)/from earmarked reserves			(24,381)
Closing General Fund balance			**(17,300)**

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	**2023/24** **Adjustment for capital purposes** **£'000**	**Net change for the pensions adjustment** **£'000**	**Net change for other adjustments** **£'000**	**Adjustments between funding and accounting basis** **£'000**
Firefighting and rescue operations, community fire safety, emergency planning and civil defence	19,465	(171,619)	646	(151,508)
Cost of services	**19,465**	**(171,619)**	**646**	**(151,508)**
Other income and expenditure from the expenditure and funding analysis	(12,658)	230,448	(1,046)	216,744
Difference between General Fund surplus/deficit and the Comprehensive Income and Expenditure Statement: surplus/deficit on the provision of services	**6,807**	**58,829**	**(400)**	**65,236**

Note 19 Members' Allowances

The Policing and Crime Act 2017 received Royal Assent 31 January 2017. The Act changed the governance arrangements for the fire and rescue service in London by abolishing the London Fire and Emergency Planning Authority (LFEPA) and creating the London Fire Commissioner (LFC) as a corporation sole and the fire authority for Greater London, discharging the functions described by the Fire and Rescue Services Act 2004. A London Fire Commissioner (LFC) has been appointed by the Mayor of London. Accordingly, London's fire authority does not have any directly paid elected members.

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

Note 20 Officer Remuneration

SENIOR OFFICERS

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

London Fire Commissioner and Corporation Sole – Office Holder – 2024/25

2024/25 Post title and Name	Period	Salary (including fees and allowances) £	Benefit in kind £	Expense Allowances £	Compensation for loss of office £	Total Remuneration (excluding pensions) £	Pension Contributions £	Total Remuneration (including pensions) £
London Fire Commissioner Office Holder and Corporation Sole - Andy Roe	01/04/24 – 31/03/25	227,332	752			228,084	85,477	313,561

Senior Officers and Officers over £150k

2024/25 Post title and Name	Period	Salary (including fees and allowances) £	Benefit in kind £	Expense Allowances £	Compensation for Loss of Office £	Total Remuneration (excluding pensions) £	Pension Contributions £	Total Remuneration (including pensions) £
Deputy Commissioner, Operational Director for Prevention, Protection and Policy - Charlie Pugsley	01/04/24 – 31/03/25	179,993	1,090	24		181,107	66,377	247,484
Deputy Commissioner, Operational Director for Preparedness and Response - Jonathan Smith	01/04/24 – 31/03/25	176,534	2,363			178,897	66,377	245,274
Director for Corporate Services - Mostaque Ahmed	01/04/24 – 31/03/25	176,534		480		177,014	25,068	202,082
Director for Transformation - Fiona Dolman	01/04/24 – 31/03/25	174,956		60		175,016	23,501	198,517
Communications & Engagement Director - Janine Mantle	04/11/24 - 31/03/25	64,199				64,199	9,116	73,315
Director for People - Sally Hopper	02/01/25 - 31/03/25	38,883				38,883	5,521	44,404
General Counsel to Commissioner - Kathryn Robinson	01/04/24 – 31/03/25	160,366				160,366	22,772	183,138
Assistant Commissioner, Fire Stations - Spencer Sutcliff	01/04/24 – 31/03/25	158,155	2,238			160,393	55,318	215,711
Assistant Commissioner, Directorate for Preparedness and Response - Keeley Foster	01/04/24 – 31/03/25	150,886	2,416			153,302	55,866	209,168

N.B Janine Mantle and Sally Hopper are new directors whose annual salaries are more than £150K.

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

2023/24 Post title and Name	Period	Salary (including fees and allowances) £	2022-23 Back Dated Salary £	Expense Allowances £	Compensation on loss of office £	Total Remuneration (excluding pensions) £	Pension Contributions £	Total Remuneration (including pensions) £
London Fire Commissioner Office Holder and Corporation Sole - Andy Roe	01/04/23 – 31/03/24	218,588	6,181	-	-	224,769	64,733	289,502

Senior Officers and Officers over £150k

2023/24 Post title and Name	Period	Salary (including fees and allowances) £	2022-23 Back Dated Salary £	Expense Allowances £	Compensation on loss of office £	Total Remuneration (excluding pensions) £	Pension Contributions £	Total Remuneration (including pensions) £
Deputy Commissioner, Operational Director for Prevention, Protection and Policy - Dom Ellis	01/04/23 – 31/03/24	172,211	2,361	1,679	-	176,252	49,566	225,818
Deputy Commissioner, Operational Director for Prevention, Protection and Policy - Charlie Pugsley	18/03/24 – 31/03/24	140,620	2,289	-	-	142,909	41,041	183,951
Deputy Commissioner, Operational Director for Preparedness and Response - Jonathan Smith	01/04/23 – 31/03/24	169,744	2,361	-	-	172,105	49,566	221,672
Director for Corporate Services - Mostaque Ahmed	01/04/23 – 31/03/24	169,944	4,000	466	-	174,410	24,672	199,082
Director for Transformation - Fiona Dolman	01/04/23 – 31/03/24	159,135	4,500	-	-	163,635	23,236	186,871
Director for People - Tim Powell	01/04/23 – 31/05/23	69,670	4,500	-	102,318	176,488	4,507	180,995
Director of Communications - Helen Coleman	01/04/23 – 31/01/24	166,557	941	-	113,381	280,879	18,023	298,902
General Counsel to Commissioner - Kathryn Robinson	01/04/23 – 31/03/24	151,174	2,824	-	-	153,998	21,868	175,866
Assistant Commissioner, Fire Stations - Spencer Sutcliff	01/04/23 – 31/01/24	148,630	2,442	-	-	151,072	40,645	191,718

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

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

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

2023/24 number	Salary range	2024/25 number
1016	£50,000 - £54,999	1354
394	£55,000 - £59,999	703
154	£60,000 - £64,999	263
76	£65,000 - £69,999	104
83	£70,000 - £74,999	93
69	£75,000 - £79,999	56
44	£80,000 - £84,999	64
29	£85,000 - £89,999	55
35	£90,000 - £94,999	39
15	£95,000 - £99,999	23
15	£100,000 - £104,999	19
6	£105,000 - £109,999	4
6	£110,000 - £114,999	10
5	£115,000 - £119,999	6
5	£120,000 - £124,999	8
1	£125,000 - £129,999	2
3	£130,000 - £134,999	2
1	£135,000 - £139,999	3
3	£140,000 - £144,999	2
-	£145,000 - £149,999	3

Note 21 Audit Fees

The LFC has incurred the following costs in relation to the audit of the Statement of Accounts and statutory inspections provided by its external auditors, Ernst and Young (EY).
The £245k figure shown in the table represents a planned fee of £185k for the 2023/24 audit, and additional fees proposed by EY for increased regulatory focus and change of scope, while for 2024/25 the planned fees are £199k.

2023/24	**Audit fees**	**2024/25**
£'000		***£'000***
245	Fees payable to appointed auditor for external audit services	199
87	Prior year audit inspection fees	380
332	**Total**	**579**

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

- Lower materiality limit (£30,000)
- IFRS 16 (£5,000), previously proposed at £10,000)
- ISA 315 (£20,000)
- Quality & Presentation issues (£140,000)

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

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

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

Given the information above, the final external audit fees for 2025/26 are likely to remain at a similar or lower level than the current year.

Note 22 Grant Income

GOVERNMENT GRANTS AND CONTRIBUTIONS ACCOUNTING POLICY

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves

Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the capital grants unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The grants received by the LFC are non-ringfenced and therefore unconditional. The 2024/25 £494.2m GLA grant income (£445.8m in 2023/24) shown in the table is comprised of two elements:

- **Grant funding in the form of retained business rates**: £282.8m (£252.3m in 2023/24)
- **GLA precepts**: £211.4m (£193.5m in 2023/24).

The LFC credited grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25 as shown in the table.

2023/24 £'000	**Credited to taxation and non-specific grant income**	**Source of funding**	**2024/25 £'000**
(445,800)	GLA grant	Greater London Authority	(494,153)
(3,732)	PFI grant	Home Office	(3,732)
(449,532)	**Total**		**(497,885)**
£'000	**Credited to services**	**Source of Funding**	
21,732	Fire Pensions Grant	Home Office	16,090
3,636	New Dimensions & USAR Grant	Home Office	3,636
2,182	Merton Regional Control	Home Office	2,182
32	Mass Fatalities Regional Capacity	Home Office	-
-	Protection Uplift	Home Office	2,534
27	Audit Grant	GLA	23
604	Fire Revenue Fire Link Grant	Home Office	403
-	Maritime MTA Emergency Response	Home Office	39
-	New Risks grant	Home Office	34
-	NI health and social care levy	DLUHC	-
28,213	**Total**		**24,941**

Note 23 Related Party Transactions

MAYOR OF LONDON AND THE GREATER LONDON AUTHORITY (GLA)

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

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

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

CENTRAL GOVERNMENT

The LFC has relations with, and obtains grant funding from, central government departments. In particular, the Home Office has significant influence over the general operations of the LFC – it is responsible for providing the statutory framework within which the LFC operates and provides the majority of its funding, via the GLA, in the form of various grants. As at 31 March 2025, sums due to and from central government departments are shown in notes 12 and 14. Grants received from government departments are set out in note 22.

MEMBERS/OFFICERS

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

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

Aside from the cases detailed in the previous paragraph, all LFC officers, including senior management, have declared that, during the year, neither they nor any member of their close family or household have had any related party transactions with the London Fire Commissioner during the period 1 April 2024 to 31 March 2025.

This disclosure note has been prepared on the basis of specific declarations obtained in April 2025 in respect of related party transactions. The LFC has prepared this disclosure in accordance with its current interpretation and understanding of CIPFA's Code of Practice on Local Authority Accounting in the UK. The Code's provisions are based on International Accounting Standard 24 (IAS24).

Note 24 Capital Expenditure and Capital Financing

In 2024/25, total spending on the capital programme for tangible and intangible assets was £87.0m (£28.4m in 23/24). Spend included the rebuilding and modernising of fire stations and other buildings (£22.8m), upgrading ICT equipment (£2.5m), the purchase of fleet vehicles and equipment (£0.1) and under IFRS 16 the recognition of right of use assets (£59.3m). Capital expenditure on assets (£87.0m) has been financed in accordance with the Prudential Code, funded by capital receipts (£28k), grants (£2.1m) and use of existing reserves / borrowing (£84.9m).

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

The capital programme, approved by the LFC (LFC-0679) included a total forecast capital spend of £50.7m in 2025/26, £57.1m in 2026/27 and £66.0m in 2027/28.

2023/24 £'000	Capital Expenditure and Financing	2024/25 £'000
141,779	Opening Capital Financing Requirement	159,543
16,247	Tangible operational assets	24,075
12,142	Tangible non-operational assets	3,561
-	Tangible Right of use lease assets	59,340
-	Intangible assets	-
	Sources of finance	
(332)	Government grants and other contributions	(28)
(250)	Sums set aside from revenue to fund capital expenditure	-
(10,043)	Minimum Revenue Provision	(25,667)
159,543	Closing Capital Financing Requirement	220,824
	Explanation of movements in year	
17,764	Increase/(decrease) in underlying need to borrow	61,281
	Other movements	
17,764	**Increase/(decrease) in Capital Financing Requirement**	**61,281**

Note 25 Other Long-Term Liabilities

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

31 March 2024 £'000	Other Long-Term Liabilities	31 March 2025 £'000	Note
38,326	Long Term PFI Properties	36,734	
1,897	Deferred Credit	855	
-	LT Liabilities - IFRS16	48,583	
5,039,671	Pensions Liability	4,615,574	28
5,079,894	**Total**	**4,701,746**	

Note 26 Service Concession Arrangements, Finance and Operating Leases

LEASES

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

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

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

The rules on local government lease accounting have changed from this year as the accounting standard IFRS16 has become applicable to the sector. This is detailed in Note 9.

PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

PROPERTY PFI SCHEME

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

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

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

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

THE LFC AS A LESSEE

Please see Note 9 for Finance Leases as under IFRS 16 operating leases previously being charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment are now treated as fixed assets on the balance sheet.

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 LFC AS A LESSOR

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

Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator, where amounts paid under the PFI finance lease in 2024/25 and 2023/24 are shown below:

Finance Lease Property PFI	**Unitary Charge**	**Deferred liability**	**Income & Expenditure Account**
	£'000	**£'000**	**£'000**
Opening balance as at 1 Apr 2024		39,910	
New finance lease liability in year			
Principal sum paid in year	1,583	(1,583)	-
Interest	2,640	-	2,640
Contingent rentals	-	-	114
Operational expenses	1,828	-	1,828
Balance as at 31 March 2025	**6,051**	**38,327**	**4,582**
Opening balance as at 1 Apr 2023		41,467	
New finance lease liability in year			
Principal sum paid in year	1,557	(1,557)	-
Interest	2,746	-	2,746
Contingent rentals	137	-	137
Operational expenses	1,651	-	1,651
Balance as at 31 March 2024	**6,091**	**39,910**	**4,534**

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

PFI Property Future Liabilities 2024/25	**Within 1 Year**	**Within 2 to 5 Years**	**Within 6 to 10 Years**	**Within 11 to 15 Years**	**Within 16 to 20 Years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Lease rental liabilities	1,592	6,549	10,869	15,911	3,406
Operating Costs	2,019	10,054	14,136	14,688	2,336
Interest Costs	2,535	9,068	8,582	4,195	164
Contingent Rentals	73	(220)	(376)	163	223
Total	**6,219**	**25,451**	**33,211**	**34,957**	**6,129**

Comparative figures for 2023/24:

PFI Property Future Liabilities 2023/24	Within 1 Year	Within 2 to 5 Years	Within 6 to 10 Years	Within 11 to 15 Years	Within 16 to 20 Years
	£'000	£'000	£'000	£'000	£'000
Lease rental liabilities	1,583	6,440	10,035	14,912	6,940
Operating Costs	1,828	9,301	14,056	14,286	5,590
Interest Costs	2,640	9,501	9,267	5,206	571
Contingent Rentals	114	(23)	(470)	186	169
Total	**6,165**	**25,219**	**32,888**	**34,590**	**13,270**

PFI PROPERTY FINANCE LEASES

The LFC holds one finance lease at 31 March 2025 for the nine fire stations provided under the PFI contract. The table below shows the future payments under the lease agreement.

Total value of minimum lease payments as at 31/03/2024	Present value of minimum lease payments as at 31/03/2024	PFI property finance lease	Total value of minimum lease payments as at 31/03/2025	Present value of minimum lease payments as at 31/03/2025
£'000	*£'000*		*£'000*	*£'000*
4,223	3,951	Not later than one year	4,128	3,861
15,941	12,681	Later than one year and no later than five years	15,617	12,420
46,931	22,354	Later than five years	43,127	21,169
67,095	**38,986**	**Total**	**62,872**	**37,450**

Note 27 Termination Benefits

ACCOUNTING POLICY

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

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

The LFC terminated the contracts of 6 employees in 2024/25, with exit packages incurring liabilities of £0.680m.

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	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£'000	No.	No.	No.	No.	No.	No.	£'000	£'000
0 - 20	-	-	-	1	-	1	-	18
20 - 40	-	-	1	-	1	-	38	-
40 - 60	-	-	-	1	-	1	-	52
60 - 80	-	-	-	-	-	-	-	-
80 - 100	-	-	-	1	-	1	-	90
100 - 150	-	-	2	-	2	-	216	-
Over 150	-	-	-	3	-	3	-	520
Total	-	-	3	6	3	6	254	680

Note 28 Pensions

Defined Benefit Pension Schemes

POST EMPLOYMENT BENEFITS – ACCOUNTING POLICY

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

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

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

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

LOCAL PENSION GOVERNMENT PENSION SCHEME (LGPS):

This scheme is funded by employer and employee contributions to the LPFA, with administration and investment management services provided through LLP. The scheme provides members with defined benefits related to pay and service. The contribution rate is determined by the LPFA with advice from the fund's Actuary, based on triennial actuarial valuations, the last review, impacting on 2024/25, being at 31 March 2025. Under Pension Fund Regulations, contribution rates are set to meet all of the overall liabilities of the Fund. The last actuarial review for IAS 19 purposes was dated April 2020.

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

Consequently, the following tables and disclosures have been presented in the revised formats as required by the CIPFA Code of Practice on Local Authority Accounting 2024/25.

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

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

Note 28 Pensions (continued)

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

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

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

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

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

MCCLOUD/SARGEANT JUDGEMENT

Allowance has been made for the impact of the McCloud / Sergeant judgement as claims have started to come through during 2024/25.

The Public Service Pensions Act 2013 laid out a new government framework regarding reforms to public service pension schemes. The Local Government Pension Scheme (LGPS) was the first to undergo its reform in 2014, with other schemes following. The changes brought in the new career average revalued earnings schemes (CARE) with some transitional protection for members who met certain criteria.

Employment tribunal claims were subsequently brought by members of the judges' (McCloud) and firefighters' (Sargeant) pension schemes, who argued that the transitional protection arrangements were discriminatory on the grounds of age.

On 20 December 2018 the Court of Appeal found that these protections were unlawful on the grounds of age discrimination and could not be justified provided to older members of public service pension schemes unlawfully discriminated against younger members on grounds of age.

The Employment tribunal issued interim orders meaning claimants are entitled to be treated as if they had remained in the final salary scheme when the schemes were reformed in April 2015.

Powers to address the discrimination were obtained through the Public Service Pensions and Judicial Offices Act 2022 and further necessary changes have been introduced by scheme specific regulations including:-

- The Police & Firefighters Pension Schemes (Amendment) Regulations 2022.
- The Firefighters Pension Scheme (Remediable Service) Regulations 2023.
- The Local Government Pension Scheme (Amendment) (No 3) Regulations 2023.

TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS

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

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

Local Government Pension Scheme 2023/24 £'000	Firefighter's Pension Schemes 2023/24 £'000	Comprehensive Income and Expenditure Statement **Cost of services**	Local Government Pension Scheme 2024/25 £'000	Firefighter's Pension Schemes 2024/25 £'000
8,727	23,180	Current Service cost	8,483	23,320
		Past service costs/(gain)		
		Financing and Investment Income and Expenditure		
458	229,990	Net Interest expense	(2,170)	236,380
138		Administrating expenses	147	
9,323	**253,170**	**Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services**	**6,460**	**259,700**
		Re-measurement of the net defined benefit liability comprising:		
(20,620)		• Return on plan assets (excluding the amount included in the net interest expense)	10,064	
(5,703)		• Actuarial (gains) and losses arising on changes in demographic assumptions	(1,110)	(9,470)
(10,519)	(96,620)	• Actuarial (gains) and losses arising on changes in financial assumptions	26,690	(504,860)
1,207	68,330	Experience (gains) and losses on defined benefit obligation	(1,069)	(8,050)
(26,312)	**224,880**	**Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement**	**41,035**	**(262,680)**
		Movement in Reserves Statement		
(9,323)	(253,170)	• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(6,460)	(259,700)
7,914	195,750	Employers' contributions payable to scheme	8,872	193,580
		Benefits paid directly to beneficiaries		
(1,409)	**(57,420)**	**Actual amount charged against the General Fund Balance for pensions in the year.**	**2,412**	**(66,120)**

Note 28 Pensions (continued)

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

LGPS number 2023/24	FPS number 2023/24	Membership of schemes	LGPS number 2024/25	FPS number 2024/25
983	4,297	Actives	983	4,297
734	1,318	Deferred pensioners	734	1,318
1,527	8,890	Pensioners*	1,527	8,890
265	-	Unfunded pensioners	265	-

** Includes injury pensioners*

LGPS avg age 2023/24	FPS avg age 2023/24	Membership of schemes	LGPS avg age 2024/25	FPS avg age 2024/25
47	41	Actives	47	41
52	44	Deferred pensioners	52	44
71	66	Pensioners	71	66
76	-	Unfunded pensioners	76	-
-	71	Injury pensioners	-	71

Retirement Benefits

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

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

Local Government Pension Scheme As at 31 March 2024 £'000	Firefighter's Pension Schemes As at 31 March 2024 £'000	LFC pensions obligations	Local Government Pension Scheme As at 31 March 2025 £'000	Firefighter's Pension Schemes As at 31 March 2025 £'000
458,598	-	Present value of the defined benefit obligation	411,115	-
(491,642)	-	Fair Value of plan assets	(496,858)	-
(33,044)	**-**	**Net**	**(85,743)**	**-**
-	-	Impact of asset ceiling	85,743	-
12,315	5,060,400	Present value of the unfunded obligation	11,434	4,604,140
(20,729)	**5,060,400**	**Net liability arising from defined benefit obligation**	**11,434**	**4,604,140**

Note 28 Pensions (continued)

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

Local Government Pension Scheme 2023/24 £'000	London Fire Commissioner Asset Scheme	Local Government Pension Scheme 2024/25 £'000
459,156	Opening fair value of scheme assets	491,642
21,807	Interest Income	25,223
20,620	• The return on plan assets excluding the amount included in the net interest expense	(10,064)
	• Other	
7,914	Contributions from employer	8,872
3,917	Contributions from employees into the scheme	4,182
(21,634)	Benefits paid	(22,850)
	Settlement prices received/(paid)	
(138)	Other	(147)
491,642	**Closing fair value of scheme assets**	**496,858**

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

Funded Liabilities Local Government Pension Scheme 2023/24 £'000	Unfunded Liabilities Firefighter's Pension Schemes 2023/24 £'000		Funded Liabilities Local Government Pension Scheme 2024/25 £'000	Unfunded Liabilities Firefighter's Pension Schemes 2024/25 £'000
472,653	**5,031,270**	**Opening Balance at 1 April**	**470,913**	**5,060,400**
8,727	23,180	Current Service cost	8,123	23,320
22,265	229,990	Interest costs	23,053	236,380
3,917	25,410	Contributions from scheme participants	4,182	26,850
		Re-measurement (gains) and losses:		
(5,703)	-	• Actuarial gains/losses arising from changes in demographic assumptions	(1,110)	(9,470)
(10,519)	(96,620)	• Actuarial gains/losses arising from changes in financial assumptions	(59,053)	(504,860)
1,207	68,330	• Experience loss/(gain) on defined benefit obligation	(1,069)	(8,050)
(910)		Unfunded pension payments	(910)	
		Past service cost	360	
(20,724)	(221,160)	Benefits paid	(21,940)	(220,430)
		Liabilities extinguished on settlements		
470,913	**5,060,400**	**Closing balance at 31 March**	**422,549**	**4,604,140**

LOCAL GOVERNMENT PENSION SCHEME ASSETS COMPRISED:

RATE OF RETURN ON FUND ASSETS

Based on the assets the LFC's share of Fund assets is approximately 6.17%.

Based on a bid value to bid value basis the actuary has estimated that the return on the LGPS fund assets for the year to 31 March 2025 to be 3.11%. The actual return on the Fund assets over the year may be different. (Note that this figure includes an allowance for the difference in the asset return used in the previous period's report and the Fund's actual asset return.)

BASIS FOR ESTIMATING ASSETS AND LIABILITIES

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

VALUATION METHOD

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

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

As at 31 March 2024 £'000	Fair value of Fund assets	As at 31 March 2025 £'000
297,672	Equities	293,051
84,814	Target Return Portfolio	90,234
56,480	Infrastructure	56,671
44,975	Property	45,284
7,701	Cash	11,618
491,642	**Total**	**496,858**

Note 28 Pensions (continued)

FINANCIAL ASSUMPTIONS

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

These assumptions are set with reference to market conditions as at 31 March 2025.

Local Government Pension Scheme 31/03/2024	Firefighter Pension Scheme 31/03/2024	Assumptions as at	Local Government Pension Scheme 31/03/2025	Firefighter Pension Scheme 31/03/2025
2.90%	2.60%	CPI increases	2.90%	2.70%
3.90%	3.85%	Salary increases	3.90%	3.45%
2.90%	2.60%	Pensions increase	2.90%	2.70%
4.90%	4.75%	Discount rate	5.80%	5.65%

ACTUAL AND FUTURE EMPLOYERS CONTRIBUTION RATES

In previous years, the LFC made additional employer contribution payments to the LGPS fund to reduce the LGPS pension deficit. Together these payments resulted in ongoing savings from against the LFC's past service deficit payments. With the 2022 valuation of the Fund, the requirement to make past service deficit payments stopped for 24/25, with only the ongoing employers contribution rates of 14.2% required.

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

Employer contribution	2023/24 £'000	2024/25 £'000
LGPS	7,914	8,872
Firefighters' schemes	55,742	76,487
Total	**63,656**	**85,359**

LOCAL GOVERNMENT PENSION SCHEME

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

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

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The last actuarial valuation of the Fund was carried out as at 31 March 2025 and will set contributions for the period from 1 April 2025 to 31 March 2028. There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

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

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

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

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

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

LGPS – ACTUARIAL ASSUMPTIONS

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

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

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

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

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

FIREFIGHTER PENSION SCHEMES ASSUMPTIONS

The present value of liabilities has been determined using the Projected Unit Credit Method (PUCM). Under the PUCM, the actuarial liability represents the present value of future benefit payments arising in respect of service prior to the valuation date. In respect of active members, the actuarial liability includes allowance for expected future pay increases up to the assumed date of retirement or exit, and for subsequent pension increases. In respect of pensions in payment and deferred members, the actuarial liability includes allowance for future pension increases (and revaluation in deferment). The liability is calculated using the principal financial assumptions applying to the 2024/25 pension disclosures.

The cost of benefits accruing in the period from 1 April 2024 to 31 March 2025 was determined using the Projected Unit Credit Method with a one-year control period and based on the principal financial assumptions applying to the 2023/24 pension disclosures. This rate represents the present value of benefits accruing to active members over the year, with allowance for pay increases to the assumed date of retirement or exit, expressed as a level percentage of the expected pensionable payroll over the control period.

DISCOUNT RATE

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

The duration of the scheme is around 19 years; this estimate is materially (to the nearest year) unchanged from last year and is greater than that of any meaningful AA corporate bond data. We believe that there is insufficient corporate bond data of a sufficiently long duration to directly extrapolate the discount rate from these. A nominal discount rate has been calculated by using gilts plus an additional spread to reflect the difference between the yields on gilts and bonds. Based on this methodology, the nominal
final discount rate at 31 March 2025 is assumed to be 5.65% a year.

PENSION INCREASES

The pension increase assumption as at 31 March 2025 is based on the Consumer Price Index (CPI) expectation of inflation which is assumed to be 2.70%.

EARNINGS INCREASES ASSUMPTIONS

It is assumed that there is a long term rate of salary growth of 0.50% above CPI.

The assumed nominal rate of salary growth is therefore 3.45% a year.

RATE OF REVALUATION FOR CARE PENSIONS

A rate of revaluation for CARE pensions of 3.45% a year has been assumed, which is equal to our assumed long term rate of salary growth. The rate of revaluation does not take into account any allowance for short-term pay restraint in the public sector as the revaluation is based on Average Weekly Earnings for the economy as a whole.

ALLOWANCE FOR INJURY PENSIONS

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

DEMOGRAPHICAL/STATISTICAL ASSUMPTIONS

2023/24		Mortality assumptions	2024/25	
LGPS	**Fire Service Pension Schemes**		**LGPS**	**Fire Service Pension Schemes**
Age 65	Age 65	**Average Future Life expectancy as at**	Age 65	Age 65
Retiring today	**Current pensioners**		**Retiring today**	**Current pensioners**
21.3 years	21.3 years	**Male**	21.3 years	21.3 years
23.5 years	21.3 years	**Female**	23.5 years	21.3 years
Retiring in 20 years	**Future Pensioners**		**Retiring in 20 years**	**Future Pensioners**
22.3 years	22.9 years	**Male**	22.3 years	22.7 years
25.3 years	22.9 years	**Female**	25.3 years	22.7 years

MORTALITY ASSUMPTIONS

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

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

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

SENSITIVITY ANALYSIS

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

Local Government Pension Scheme	***£'000***	***£'000***	***£'000***
Adjustment to discount rate	**0.10%**	**0.00%**	**-0.10%**
Present value of total obligation	416,891	422,549	428,336
Project service cost	6,087	9,325	6,570
Adjustment to long term salary increase	**0.10%**	**0.00%**	**-0.10%**
Present value of total obligation	423,049	422,549	422,052
Project service cost	6,325	6,325	6,325
Adjustment to pension increase and deferred revaluation	**0.10%**	**0.00%**	**-0.10%**
Present value of total obligation	427,995	422,549	417,225
Project service cost	6,580	6,325	6,078
Adjustment to life expectancy assumptions	**+1 year**	**None**	**-1 year**
Present value of total obligation	437,270	422,549	408,373
Project service cost	6,569	6,325	6,086

Note 28 Pensions (continued)

FIREFIGHTERS' PENSION SCHEMES

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

Change in financial assumption at year ended 31/03/2025	Approximate % increase to Employer liability	Approximate monetary amount (£'000)
0.5% decrease in real discount rate	(6.50)%	(302,000)
1 year increase in member life expectancy	2.50%	112,000
0.5% increase in the salary increase rate	1.00%	47,000
0.5% increase in the salary increase rate (CPI)	6.00%	284,000

Comparative figures at year ended 31/03/2024:

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

DISCLOSURE OF THE ASSESSMENT OF THE IMPACT OF VIRGIN MEDIA CASE IN LPFA – LOCAL GOVERNMENT PENSION

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, LFC does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

Note 29 Contingent Liabilities and Assets

CONTINGENT LIABILITIES

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

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

Grenfell Tower Claims

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

CONTINGENT ASSETS

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

As at 31 March 2025 the LFC has no contingent assets.

Note 30 Self Insurance

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

As at 31/03/2024 Amount (£)	Category insured	As at 31/03/2025 Amount (£)
850,000	Combined Liabilities	850,000
850,000	Officials Indemnity	850,000
850,000	Professional Indemnity	850,000
250,000	Fidelity Guarantee	250,000
250,000	Motor Operational Fleet	250,000
25,000	Property – Terrorism	0
25,000	Airside Liability	25,000
20,000	Marine Hull and Machinery – Vessels	2,500
10,000	Property (All Risks of Physical Loss or Damage)	10,000
10,000	Computer	0
6,500	Marine Hull and Machinery – Lambeth River Station	0
500	Marine Protection and Indemnity	0
100	Motor Leased Vehicles	250
0	Motor Other Fleet	250

Note 31 Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to the 31st March 2026. Management have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent forecasted balances are as follows:

Date	**General Fund**	**Earmarked reserves**	**Grand total**[1]
31/03/25[2]	£14.4m	£37.9m	£52.3m
31/03/26	£18.5m	£39.2m	£57.7m
31/03/27	£19.2m	£21.5m	£40.7m

The LFC's expected General Fund and Earmarked Reserve position would have a predicted balance of £19.2m and £21.5m (total £40.7m) as at 31 March 2027. LFC's reserves strategy is in line with good financial practice in ensuring that reserves are adequate but not excessive (building up and holding on to an unnecessarily large amount of reserves is not a good use of taxpayer funds). LFC has established earmarked reserves for specific and time-limited purposes and using these to support expenditure in line with plans, or releasing these funds if they are no longer required, is part of maintaining financial stability. The Brigade maintains a General Reserve of 3.5 per cent each year to ensure resilience against unforeseen financial risks and this is kept under review.

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

The agreed budget for 2025/26 includes a number of assumptions and key risks. Inflationary pressures continue to be reviewed as part of budget process, ensuring contract inflation is adequately resourced throughout the MTFS. The assumption underpinning the overall LFC budget for 2025/26 is for a pay award of

[1] excludes capital grants unapplied
[2] actual

2.0 per cent across all staffing groups (although this is subject to the outcome of local and national negotiations.) This is linked to the longer-term target on inflation and therefore the potential for future pay awards to fall in line with this.

On funding, whilst the Mayor has provided indicative funding levels for up to 2027/28, there is significant uncertainty about the level of funding for future years due to a number of risks on the funding available to the Mayor, through retained business rates and the council tax, as well Government decisions on funding, including the Spending Review and the subsequent Local Government Finance Settlement.

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

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

2023/24 £'000	Adjustments to Net Surplus or Deficit on the provision of services for Non-Cash Movements	2024/25 £'000
(9,400)	Depreciation of Non Current Assets	(13,834)
(7,560)	Impairment, Impairment Reversal and Revaluation of Non Current Assets	(46,902)
(23)	Assets de-recognised during year	(4)
(275)	Amortisation of Intangible assets	(162)
(503)	(Increase)/Decrease in impairment for provision of bad debts	218
624	Increase/(Decrease) in inventories	3
10,188	Increase/(Decrease) in debtors	(17,142)
5,710	(Increase)/Decrease in creditors	(7,547)
(812)	(Increase)/Decrease in provisions	3,835
(58,829)	Pension Fund costs adjustment	(63,708)
2,883	Other Non cash items	(1)
(57,997)	**Net cash (inflow)/outflow from operating activities**	**(145,244)**

Note 33 Cash Flow Statement – Operating Activities

2023/24 £'000	Operating Activities	2024/25 £'000
(5,278)	Interest received	(2,579)
2,100	Interest paid	2,210
2,746	Interest element of finance leases	5,401
(432)	**Total**	**5,032**

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

2023/24 £'000	Investing Activities	2023/24 £'000
28,389	Purchase of property, plant and equipment, investment property and intangible assets	27,636
(332)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(28)
1,823	Movement in Short term investments	(364)
(1,046)	Capital grants received	(2,051)
28,834	**Net cash flows from investing activities**	**25,193**

2023/24 £'000	Financing Activities	
58	Cash Receipts of Short and Long term borrowing	(19,976)
-	IFRS16 Impact on CIES	10,757
1,557	Cash payments for the reduction of the outstanding liabilities relating to finance leases On-Balance sheet PFI contacts (Principal)	1,583
2,000	Repayments of Short and Long term borrowing	3,500
3,615	**Net cash flows from financing activities**	**(4,136)**

FIREFIGHTERS' PENSION FUND ACCOUNT AND NOTES

Firefighters' Pension Fund Account Notes

2023/24 £000	2023/24 £000	Firefighters' Pension Schemes Fund Account	2024/25 £000	2024/25 £000
		Contributions receivable		
		- from employer		
(55,743)		- normal	(76,487)	
(1,662)		- early retirements	(1,830)	
(57,405)			**(78,317)**	
(25,194)		- from members	(27,329)	
	(82,599)			(105,646)
		Transfers in		
	(294)	- individual transfers in from other schemes		(367)
		Benefits payable		
179,748		- pensions	192,536	
21,704		- commutations and lump sum retirement benefits	27,746	
(262)		- Overpayments Recovered	(270)	
139		- lump sum death benefits	762	
	201,329			**220,774**
		Payments to and on account of leavers		
		- refunds of contributions		
		- individual transfers out to the other schemes		
		- other - interest due on back dated lump sums	1,906	
305		- interest due on back date commutations lump sums	770	
	305			**2,676**
	118,741	Deficit/Surplus for the year before top up grant receivable/amount payable to central government		117,437
	(118,741)	Top up grant receivable from/amount payable from central government		(117,437)
		Grant received from central government for back dated commutations		
-	**-**	**Net amount payable/receivable for the year**	**-**	**-**

31/03/2024 £000		Net Assets Statement		31/03/2025 £000
262		- Recoverable overpayments of pensions	270	
36,394		- Top up receivable from/(payable to) Government	22,331	
(36,656)		- other current liabilities	(22,601)	
-	-		-	-

Firefighters' Pension Fund Account Notes

THE FIRE FIGHTERS' PENSION SCHEME IN ENGLAND

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

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

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

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

FIREFIGHTER PENSION BACK DATED REFUND OF CONTRIBUTIONS

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

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

ACCOUNTING POLICIES

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

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

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

Firefighters' Pension Fund Account Notes

CONTRIBUTIONS

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

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

2023/24			2024/25	
2006 Scheme %	1992 Scheme %	Firefighters' Pension Scheme employee contributions	2006 Scheme %	1992 Scheme %
10.4	14.2	More than £21,852 and up to and including £31,218	10.4	14.2
10.9	14.7	More than £31,218 and up to and including £41,624	10.9	14.7
11.2	15.2	More than £41,624 and up to and including £52,030	11.2	15.2
11.3	15.5	More than £52,030 and up to and including £62,436	11.3	15.5
11.7	16	More than £62,436 and up to and including £104,060	11.7	16
12.1	16.5	More than £104,060 and up to and including £124,872	12.1	16.5
12.5	17	More than £124,872	12.5	17

2023/24 2015 Scheme %	Firefighters' Pension Scheme employee contributions	2024/25 2015 Scheme %
11	Up to and including £27,818	11
12.9	More than £27,819 and up to and including £51,515	12.9
13.5	More than £51,516 and up to and including £142,500	13.5
14.5	More than £142,501	14.5

ANNUAL GOVERNANCE STATEMENT

London Fire Commissioner - Annual Governance Statement 2024/25

Introduction

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

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

3. This Annual Governance Statement for 2024/25 reflects the governance arrangements in place under the LFC.

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

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

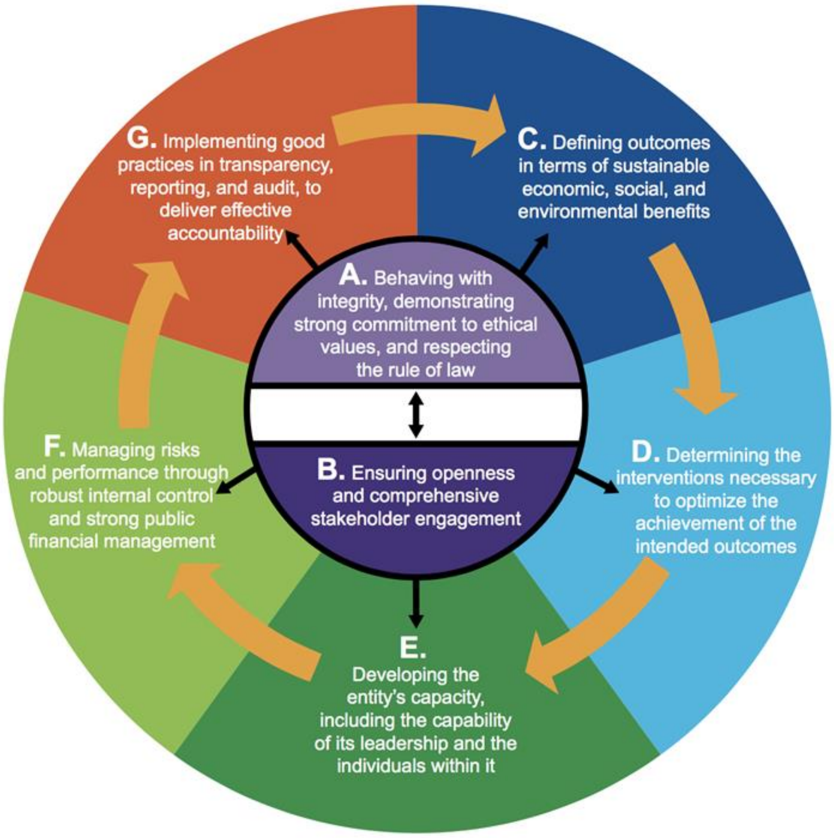
5. The framework is therefore comprised of the culture, values, systems and processes by which the LFC is directed and controlled. It brings together an underlying set of legislative requirements, good practice principles and management processes.

6. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and provides only a reasonable, and not absolute, assurance of effectiveness. It is based on an on-going process designed to identify and prioritise risks, evaluate the likelihood and impact should risks be realised, and efficiently and effectively manage such risks.

7. The framework places the highest standards of conduct and leadership at the heart of good governance, with responsibility on officers to demonstrate leadership and act and behave in accordance with the LFC's values which sets the tone and standards for the rest of the organisation.

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

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



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

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

CIPFA Principle	How the LFC meets the principle
Principle A - Behaving with integrity, with commitment to ethical values, and respect for the rule of law	• Behaving with integrity through leadership is provided by the LFC, the Top Management Group and senior officers. • Adoption of the National Fire Chiefs Council (NFCC) 'Code of Ethics'. • LFB's Values and Behaviour framework outlines the behaviours expected of all employees in the organisation at all levels set against a set of six values (service, courage, learning, teamwork, equity and integrity). This is supported by a scheme of governance, anti-fraud measures, and whistleblowing procedures which are reviewed as and when required, and not less than every three years. • A Professional Standards Unit that monitors and upholds professional standards across all parts of the London Fire Brigade • Director for Corporate Services is the Head of Paid Service and is responsible for all LFC staff. • Director for Corporate Services is also the LFC's Section 127 Officer and is responsible for safeguarding the LFC's financial position and ensuring value for money. • General Counsel to the Commissioner is the Monitoring Officer who is responsible for ensuring legality and promoting high standards of conduct and for reporting to the LFC on cases of maladministration. • Decision-making framework and scrutiny and review arrangements (see para 18 below). • Register of Interests, Declarations of Gifts and Hospitality, politically restricted roles. • All reports presented for decision receive professional advice and input from finance and legal to ensure they comply with budget and legal requirements.

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

CIPFA Principle	How the LFC meets the principle
Principle D – Determining the intervention necessary to achieve intended outcomes	• Quarterly Risk and Assurance reports which provide updates on the development of organisational assurance in relation to LFB's principal risks and key controls necessary to meet strategic priorities and objectives. • Monthly corporate performance reports which track the performance of all the Brigade's activities in terms of key performance indicators and commitments against the community risk management plan. The report also highlights remedial actions being taken where slippage occurs. • Monitoring of performance against the HMICFRS and Grenfell Tower Fire action plans which combined, set a clear vision, strategy, and action plan for the Brigade's priorities. • The LFC, via the Commissioner's Board, the Deputy Mayor's Fire Board, and the London Assembly's (Fire Committee) ensures that the Brigade remains focussed on achieving its agreed objectives and priorities. • 'Your London Fire Brigade' sets a clear vision, strategy, and action plan for the Brigade's priorities. It identifies a portfolio of change that LFB needs to deliver in order for it to achieve the vision of being a dynamic, forward-looking organisation of fully engaged people at the centre of the communities it serves, adapting to the changing needs of London. The projects and initiatives to achieve that have been arranged under programmes of work, sequenced over the life of the CRMP into four phases (known as transition states) • An annual Assessment of Risk (AoR) which underpins 'Your London Fire Brigade' and which enables the LFC to identify and assess foreseeable fire and rescue related risk and to adapt its operations in response to it. • Borough Risk Management Plans designed to address local risks and how local communities will be made safer. • Monitoring performance of projects and initiatives via programme boards. • Assurance activities undertaken by the Independent Operational Assurance Advisor linked to Operational Learning and Improvement.

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

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

Performance against LFB commitments

11. As corporation sole, the London Fire Commissioner is the fire and rescue authority for London. Its organisational purpose is to be trusted to serve and protect London with a long-term vision that it will be a dynamic, forward-looking organisation of fully engaged people at the centre of the communities it serves, adapting to the needs of London.

12. The Brigade's Community Risk Management Plan, 'Your London Fire Brigade' is the corporate strategy which delivers on that vision and purpose. A requirement of the Fire and Rescue National Framework for England, the plan reflects up to date risk analyses including an annual assessment of all foreseeable fire and rescue related risks and demonstrates how prevention, protection and response activities will best be used to prevent fire and other incidents and mitigate the impact of identified risks on the community.

13. The plan includes four pillars (engaging with you, protecting you, learning from others and adding value) and eight commitments, which address the public directly and explains how and

why the LFB is changing. The eight commitments form the basis of our eight transformation programmes.

14. The Brigade measures its success in achieving those commitments through key performance indicators (KPIs) which are scrutinised quarterly through the LFC's board structure and published externally to the London Datastore.

15. Details of the LFC's performance as at the 31 March 2025 is available on the following link [LFB financial and performance reporting 2024/25 - London Datastore]

16. A summary of key performance highlights are set out in the table below:

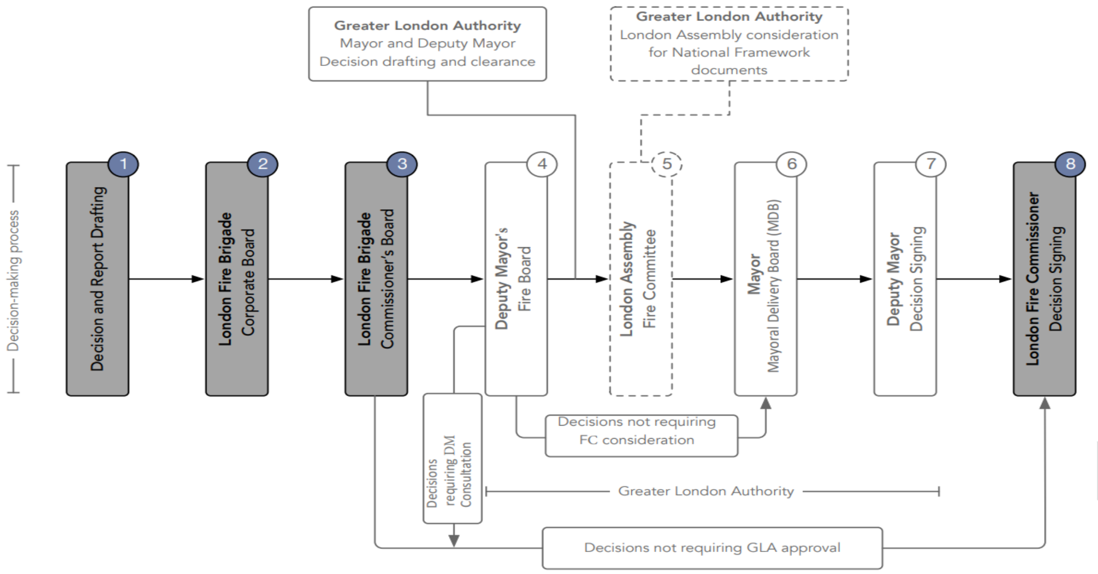
Pillar	Commitment	KPI	Target Score	Actual Score
Engaging with You	We will work with you to provide localised services that meet your need	Customer Satisfaction Rating	85%	89%
Engaging with You	We will make it easier for you to access our services	Triages via our Online Fire Safety Checker	18,000	11,088
Protecting You	We will adapt our services as your needs change	First appliance arrival within 10 minutes	90.00%	96.45%
Protecting You	We will design services around your needs and concerns	% of high-risk home fire safety visits	60.00%	58.04%
Protecting You	We will adapt our services as your needs change	Alleged fire risks addressed within 3 hours	90.00%	98.18%
Adding Value	We will be driven by evidence to give you the value you expect	Number of fire deaths	39	38
Adding Value	We will be driven by evidence to give you the value you expect	Number of Fires – Houses & Bungalows	1,700	1,438
Adding Value	We will be driven by evidence to give you the value you expect	Number of Fire - Flats	2,400	2,246
Adding Value	We will be driven by evidence to give you the value you expect	Number of Fire – Care homes	330	258

Equality in recruitment

17. One of the key priorities within the CRMP which the LFC is measured against is to increase the diversity of its workforce, making it more representative of the communities that it serves. The LFB has an Outreach Team who are engaging with these target groups through community, partner-based activities, and digital media channels to increase attraction rates from under-represented groups. At end of March 2025, statistics reveal women comprised 19.13% of the workforce (against a target of 20%), with 18.68% of staff coming from ethnic minority backgrounds (against a target of 19%) and 9.04% of staff declaring a disability (against a target of 10%).

Decision-making framework and scrutiny

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



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

20. Scrutiny of the decision-making framework is exercised through the LFC's Commissioner's Board, the Deputy Mayor's Fire Board, and the London Assembly via the Fire Committee.

Equalities considerations

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

22. The outputs and desired outcomes of the Diversity, Equity and Inclusion Strategy are scrutinised monthly. To provide robust scrutiny and provide meaningful assurances, the delivery of the strategy is measured against two sets of maturity models: namely the Mayor's Greater London Authority (GLA) Action Standard, and also the National Fire Chiefs Council (NFCC) EDI Maturity Model.

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

Review of effectiveness

24. The LFC uses a number of ways to review the effectiveness of its governance arrangements. One of the key assurance statements in reviewing effectiveness, is the annual report and opinion of the external auditors (further details provided in paras 73-77)

25. Another significant element is the internal audit function conducted on behalf of the LFC by the Mayor's Office for Policing and Crime (MOPAC). MOPAC is fully compliant with Public Sector Internal Audit Standards (PSIAS). Internal audit covers key governance processes, risk management and internal controls. The internal auditors' opinion for 2024/25 was that, based on the areas audited, the LFC's control framework continues to develop but is not yet fully effective in supporting the achievement of strategic objectives. There is clear evidence of increased consideration of appropriate control environments at a strategic level however, this is not currently being implemented to business-as-usual activity. Increase in second line assurance capability and ongoing development of the Enterprise Assurance Framework will help to ensure that appropriate controls are in place. The level of controls required will need to be commensurate with the risk appetite that has been adopted during the year.

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

Issues identified	Performance in 2024/25
Formal reports by Section 127 or Monitoring Officer	None issued.
Issues identified by the LFC as the Fire Authority or Monitoring Officer recommendations	There were no issues to report.
Proven frauds carried out by members of staff	There have been no proven frauds during 2024/25 however a small number (5 or under) of potential fraud cases have been identified in and are currently under investigation in accordance with the LFB's disciplinary procedures. Other potential cases raised are investigated with support from internal audit as necessary. The Professional Standards Unit (PSU) leads on discipline procedures within the LFB. The PSU sets, monitors and upholds professional standards across all parts of London Fire Brigade and is responsible for the external reporting service for when standards are not met. The PSU also has an important role in upskilling the organisation and enabling all staff to understand and meet the high standards of behaviour required to represent the LFB.
Use of Regulation of Investigatory Powers Act	There were no applications for any RIPA authorisations in 2024/25, nor were there any previous authorisations that continued into 2024/25.
Complaints/compliments received from members of the public	A total of 155 complaints were received. These have been actioned accordingly. In addition, a total of 258 compliments were received during 2024/25.

Number of whistleblowing cases	There was 1 case which qualified as a whistleblowing item during 2024/25 regarding the health and safety of employees which remains ongoing.

SIGNIFICANT GOVERNANCE ISSUES IN 2024/25

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) - Round 2 Inspection progress against recommendations and Round 3 Inspection outcome

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

28. Progress continues to address recommendations arising from the HMICFRS Round 2 inspection from 2021/22. A total of 46 recommendations with 91 associated actions were included in the report for LFB to complete. At the end of 2024/25, a total of 40 recommendations and 76 actions have been completed.

29. The LFB received its Round 3 full inspection report in November 2024 following the inspection which took place over the summer months. The HMICFRS state in the report that they found significant improvements in performance since the last full inspection in 2022. The report highlights improvements across ten of the 11 judgement areas used in the inspection (see table below). The LFB's previous inspection demonstrated improvement was required across all 11 areas. There were 11 Areas for Improvement (AFIs) highlighted, this is in comparison to the 46 AFIs and 2 causes for concern in the round 2 inspection report.

Round 3 Assessment Results

Assessment area	Round 3 Inspection (2023/25) Grade	Round 2 Inspection (2021/22) Grade
Understanding fire and other risk	Good	Requires Improvement
Preventing fires and other risks	Good	Requires Improvement
Protecting the public through fire regulation	Adequate	Requires Improvement
Responding to fires and other emergencies	Good	Requires Improvement
Responding to major and multi-agency incidents	Outstanding	Requires Improvement
Make best use of resources	Good	Requires Improvement
Future affordability	Good	Requires Improvement
Promoting the right values and culture	Adequate	Requires Improvement
Getting the right people with the right skills	Adequate	Requires Improvement
Ensuring fairness and promoting diversity	Adequate	Requires Improvement
Managing performance and developing leaders	Requires Improvement	Requires Improvement

30. An action plan has been developed to address the AFIs. This action plan supersedes the Round 2 plan and any remaining actions are addressed through the new action plan. Progress reports will continue to be reported quarterly through the Risk and Assurance and Commissioner Boards.

Grenfell Tower Inquiry Phase 2 report

31. In March 2024, the LFB completed the last of its 29 recommendations produced by the Grenfell Tower Inquiry. In September 2024, the Grenfell Tower Inquiry's Phase 2 report was published.

32. The LFB section of the report contained 13 recommendations; one of which is specifically for the LFB, five are for all Fire and Rescue Services, and the remaining seven are for HM Government, His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), the National Fire Chiefs Council and the British Standards Institution. The LFC accepted the recommendations aimed at the LFB and Fire and Rescue Services and supports the remaining recommendations.

- Implementing Change

33. The Inquiry's one recommendation for LFB focuses on creating robust systems to gather, review and implement lessons from previous incidents, inquests and investigations. The LFC fully accepts this recommendation. LFB will continue to be a learning organisation, building on the change implemented since Phase 1 of the Inquiry. It will ensure lessons from incidents are understood and good practice is shared and applied across the Brigade.

34. Significant efforts are underway to improve learning from major incidents and ensure critical information is distributed more quickly to staff. LFB will also review its operational learning processes, which will consider best practice nationally.

- The control room / Incident commanders / Operational planning

35. Three recommendations are directed at HMICFRS and suggest that further inspections should be carried out of the LFB's Control room, incident commander training, and operational planning to confirm that improvements made since 2017 have been sustained.

36. The LFB has made significant improvements to its Control Room since the Grenfell Tower fire, including the introduction of new training, policies and technology.

37. The LFB has also invested in advanced fire training, as well as improved incident command and high-rise exercising, focusing on integrating the control room, with the incident ground and preparing incident commanders to take difficult, critical decisions at the earliest point of an incident.

38. The impact of this training was demonstrated at incidents such as the 2021 New Providence Wharf and the Dagenham Spectrum Building fire in August 2024, where incident commanders quickly carried out full emergency evacuations of buildings to ensure resident safety.

39. Additionally, the LFB has improved the collation and access to information about the risks associated with specific buildings, ensuring that firefighters, incident commanders, and Control staff have the necessary information to respond effectively to emergencies.

- Radios

40. Among the five recommendations for all fire and rescue services, three addressed radio communications.

41. Following recommendations set out in Phase 1 report, the LFB introduced new fireground radios which can be connected directly into the facemask of breathing apparatus to improve

communications to the bridgehead. The radios also feature both analogue and digital capability and a programme of work is underway to review the transition of radio communications from analogue to digital.

- Water supply

42. Two other recommendations for fire and rescue services relate to water management at incidents.

43. Following the Phase 1 Report, the Brigade has worked closely with water utility companies to ensure improvements to water supply at incidents. The Commissioner and the Mayor of London have written to water undertakers to remind them of their responsibilities to engage with fire services and the risks to public and firefighter safety of not doing so.

44. The Brigade will also work with the British Standards Institution to improve the BS750 standard, as recommended by Phase 2 of the Inquiry, and has already begun discussions via its specialist Water Team.

- College of Fire and Rescue

44. The LFB supports the recommendation to establish a College of Fire and Rescue to set national standards and will work with government, the NFCC and the wider sector in the planning and delivery of the college.

- Deployment of firefighters

45. The LFB supports the recommendation for the NFCC to review national arrangements for how firefighters carry out instructions during a live incident. As the largest service which attends the most high-risk incidents, the LFB is keen to take a leading role in supporting the NFCC with the review and has reached out to the NFCC to offer its assistance.

Action to address continued attendance in response to Unwanted Fire Call Signals (Automatic Fire Alarms)

46. Unwanted Fire Signals (UwFS) calls received by the LFB are initiated by an automatic fire alarm (AFA), to which LFB sends an emergency response however attending crews subsequently established the call to be a false alarm.

47. UwFS have been a persistent problem for LFB over many years. The numbers of UwFS attended by LFB had substantially increased over recent years, with the 4-year average from 2019 to 2022 being 21% higher than the previous 4-year average (2015 to 2018).

48. Between April 2022 and March 2023, the LFB attended 47,000 false alarm calls. Nearly a third of those were AFAs in non-residential properties, which equates to approximately 23,500 hours in staffing time.

49. Across London, 98 per cent of all recognised AFA calls are recorded as false alarms on attendance, with 0.5% of AFAs end up being recorded as fires.

50. The LFB is the only UK metropolitan fire and rescue service (FRS) that still maintains a 24/7 operational response to all automatic fire alarms. At least 42 other UK FRS's have a protocol involving non-attendance, and appear to do so (some for many years) without problem.

51. The issue of UwFS had also been repeatedly highlighted by HMICFRS who reported that the LFB had not done enough to reduce the number of unwanted fire signals.

52. Following consultation in 2024, the LFC therefore implemented a non-attendance policy to commercial AFAs during the hours of 07:00 – 20:30 hours (with certain exemptions applied).

53. By limiting such attendance it has increased time for operational staff engagement in risk reduction work such as training, prevention and protection activity, as well as community engagement.

Rollout of Licence to Operate (L2O)

54. L2O is a licensing system which supports LFB operational staff in remaining competent and safe across all areas of operations. It creates minimum training and assessment requirements and frequencies for an operational member of staff to meet so that their roles can be carried out competently and safely. It also aids the LFB to record, monitor and schedule training delivery. Successful completion of a routine assessment provides operational staff with a licence to operate to perform their duties. The licence will be valid for a specific time period determined by the skill area it covers.

55. L2O gives confidence to LFB operational staff and to the LFB as an employer that all operational colleagues are maintaining their skills.

56. L2O for incident command was launched on in April 2024. Emergency response driving for senior officers subsequently went live in October 2024. Other skills areas will follow in phases from April 2025 onwards, including emergency fire appliance driving, breathing apparatus and casualty care.

57. Additional skills areas, including hazardous materials, working at height, water (including water rescue and pumps) and extrication and rescue will be considered as part of the licensing system at a future date.

Adoption of a Risk Appetite Statement

58. Good risk management practice recommends that organisations should have a defined risk appetite so that informed decisions can be made about the level of risk that can be accepted in pursuit of strategic objectives. It also ensures that organisations understand the boundaries for acceptable levels of risk and what target they should be aiming for when allocating resources to risk management.

59. In March 2025 the LFC adopted a risk appetite statement, setting a 'Cautious' appetite for risk. This means that risks should have a target level of yellow (score between 4-9) and the current risk exposure should be managed to this level. Red and amber risks will be outside the LFB's tolerable range and every effort will be made to reduce the risk exposure with a target date set for when the risk will be managed down from those risk levels.

60. It is recognised that in some instances, risks will be outside of risk appetite tolerance where exceptions will need to be applied. Those risks relate to factors which are beyond the LFB's direct control and include risks where the LFB will lobby others with decision-making powers (external to LFB) to reduce the risk exposure.

61. Risks and risk management action at corporate and directorate level will continue to be reviewed at appropriate monthly board meetings, and at Commissioner's Board at least quarterly.

62. The risk appetite statement will be reviewed annually by the LFC following recommendation from the Risk and Assurance Board.

Revisions to the Thematic Board structure

63. The LFC operates a thematic board structure comprising monthly meetings of the Investment and Finance Board (IFB), the Performance, Risk and Assurance Board (PRAB), and the Service Delivery Board (SDB) which ensures that the LFB's business and the Commissioner's decisions are appropriately, effectively, and efficiently scrutinised, assured and executed.

64. In a board effectiveness survey issued to members of each of the thematic boards, the members of the Performance, Risk and Assurance Board identified measures to improve the effectiveness of the Board and its meetings. Board members pointed to the efficiency of meetings with limited time available to debate important matters owing to heavy agenda with multiple lengthy reports and a need to better distribute the focus between performance, risk and assurance and portfolio elements.

65. Furthermore, and an issue identified similarly in other thematic board effectiveness surveys, was the increasing demand (through preparation and attendance at board meetings) being placed upon a small cadre of senior leaders within LFB. The demand extends beyond the suite of thematic boards and to the suite of sub-boards, working groups and other various governance mechanisms that exist within LFB.

66. The relevance of the results from PRAB's effectiveness survey was timely in the context of the release of the Grenfell Tower Inquiry Phase 2 report and the gathering pace of LFB's transformation through its portfolio. As LFB progresses between transition states of the CRMP delivery plan and moves to a position of continuous improvement, there is increased importance on the risk and assurance function and greater reliance on the checks and balances which PRAB currently holds responsibility for as a line of defence in the business assurance framework.

67. In January 2025 the LFC disbanded PRAB and replaced it with dedicated Portfolio and Risk and Assurance Boards which meet on a quarterly basis (PRAB currently meets monthly). PRAB's performance responsibilities (essentially the completion of actions/activities distributed to departments) transferred to SDB, a move towards reflecting a business as usual service delivery model.

68. New and revised terms of reference, including updated memberships, for the thematic boards were approved and available on the LFB's intranet site. Overall, the revisions to the structure result in a reduction in membership numbers across the thematic boards.

Implications of the 2025/26 LFC budget on the transformation portfolio

69. Over the past 18 months the LFB has mobilised its transformational change activities into nine distinct and integrated programmes of work, directly aligned to CRMP commitments. As part of the budget setting process for 2025/26, each programme submitted a business case which provided an estimate of the costs required to deliver programme-level projects and initiatives planned for Transition State 3 (TS3), which runs from April 2025 to March 2027.

70. Owing to financial pressures programme budgets were subsequently reduced significantly for 2025/26. A number of programmes have been paused, with some initiatives being transferred for delivery by departments. The remaining programmes have been scaled back or refocused to support improved productivity and efficiency.

71. To mitigate risks associated with a reduction in resources for project, change, and programme management, the LFC's prioritisation framework has been applied to projects. The framework assesses project contribution to CRMP objectives, prioritising resources on high benefit/high impact projects, establishing regular health checks and integrated project assurance, assessing departmental capacity, and implementing a mandatory change management framework.

72. Furthermore, a mitigation plan has been developed which focuses on prioritising mitigations and risk management activities, ensuring that resources are allocated efficiently to maximise impact. By implementing this mitigation plan, the LFC will be able to minimise the impacts of budget constraints in the short term while continuing to make progress towards the LFC's long-term objectives.

External Audit of LFC Financial Statements for 2022/23, 2023/24 and roadmap for 2024/25 and beyond

73. Under Regulation 7 of the Accounts and Audit Regulations 2015, the LFC is required to approve and publish audited accounts, and for the LFC's statutory Chief Financial Officer, the Director for Corporate Services, to certify draft accounts for audit and public inspection.

74. The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date'). This revised date, and similarly revised dates for previous and future financial years, was in response to a backlog in local government audits across the sector and was part of a government strategy to get the sector back on track.

75. The backstop date and the wider requirements of the local audit system reset meant that the LFC's external auditors, EY, did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. A disclaimer of opinion was therefore issued.

76. As a result of the disclaimer of opinion for the 2022/23 financial statement and the scope of EY's audit work which was impacted by the backstops date, the external auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2023/24 financial statements.

77. Simply put, because the prior year was not audited, EY could not place appropriate reliance on either the prior year figures or the opening balances for 2023/24. Instead, such reliance will need to be rebuilt gradually, over several audit periods. LFC is among the group least affected by this uncertainty, as only one year's accounts were unaudited, and the work done in the course of this audit has been so thorough on both sides. Therefore, an ambitious, but realistic, trajectory is as follows:

- 2023/24 disclaimer of opinion (as for 2022/23)
- 2024/25 qualification (on a specific basis e.g. uncertainty around reserves)
- 2025/26 unqualified opinion (i.e. return to normal)

Updates to the LFC Whistleblowing Policy

78. The LFC Whistleblowing Policy (PN569) (the Whistleblowing Policy) sets out the process for employees and those outside the organisation to report serious concerns about the LFC. The Policy reflects the legal position set out in the Public Interest Disclosure Act 1998 which provides protection of employment rights for employees who report certain categories of concerns, but the LFC policy is also wider than the statutory scope, in that it enables reporting of other serious concerns wider than those covered by the Act.

79. The LFC's policy framework requires policies to be reviewed every three years however findings from the independent review of LFB workplace culture and a recommendation from HMICFRS have driven changes to the policy for which General Counsel is the custodian. Additionally, updates to the policy have been aided by an Internal Audit advisory review from September 2023 which recommended areas for review and suggested actions.

80. One of the conclusions from the independent review of LFB workplace culture was that it was difficult for LFB staff to report concerns, that reporting concerns should be made easier and that staff should be supported in doing so and that there should be systems in which they have trust and confidence that the matter will be properly investigated and dealt with. These issues

could equally apply to reporting wider matters which are the remit of the Whistleblowing Policy.

81. The HMICFRS recommendations in its letter to Fire and Rescue Services dated March 2023 highlighted the need for robust, trustworthy, accessible reporting mechanisms for reporting concerns and that a fear of reprisal was sometimes a barrier to reporting. The use of an independent reporting line was advocated as a means of enhancing trust and providing a level of confidentiality. While the focus of the HMICFRS letter was in relation to culture and behaviours, the principles could equally apply to the Whistleblowing process, which in the LFC is used for reporting wider organisational concerns.

82. The Internal Audit advisory report made a number of useful suggestions on changes to the policy, including that its structure and language could provide greater clarity on the process and that the policy and reporting line should be readily accessible and understood by LFB staff.

83. The LFC therefore made the following changes to the Whistleblowing Policy:

- It has been rewritten to provide clarity and to better reassure and encourage individuals to report and to provide updates and reports on progress to those who refer matters.
- Greater clarity on how the policy interacts with other means of referring concerns;
- Provision of an independent reporting line; the telephone number, email address and mobile phone QR Code for referrals by individuals (employees and external people) will be to Navex (EthicsPoint).
- The Navex system provides a case management system for storing, monitoring and reporting data;
- The details of the reporting line are clearly located on the LFC website and on Hotwire (intranet) and otherwise promoted and advertised;
- Reporting on Whistleblowing cases to be considered alongside reporting on other referrals/ complaints / matters of concern;
- Guidance provided on conducting an investigation

Key areas of governance focus for 2025/26	Planned action
1. Grenfell Tower Inquiry Phase 2 report recommendations	• Ongoing action to implement the Phase 2 report recommendations
2. HMICFRS Inspection results and Areas for Improvement (AFIs)	• Ongoing work to address AFIs
3. Fire Standards regime	• Collation of evidence and action to comply with each of the Fire Standards
4. Risk and Assurance Management Framework	• The development and adoption of separate risk and assurance management policies
5. New finance and procurement system	• Rollout of the LFC's new finance and procurement system
6. LFC Governance Framework	• Periodic review of the framework, including alignment with the CIPFA/SOLACE principles of good governance

Conclusion

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

Andy Roe
London Fire Commissioner
Dated: XX XXX 2025

Glossary of Terms

ACCRUALS

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

ACT/365

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

BUDGET

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

CAPITAL EXPENDITURE

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

CAPITAL RECEIPTS

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

CONTINGENCY

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

CONTINGENT ASSET/LIABILITY

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

CORPORATE AND DEMOCRATIC CORE (CDC)

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

CREDITORS

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

DEBTORS

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

DEPRECIATION

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

EARMARKED RESERVES

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

IMPAIRMENT

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

INVENTORIES

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

MINIMUM REVENUE PROVISION

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

PROVISIONS

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

PUBLIC WORKS LOANS BOARD

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

REVENUE EXPENDITURE

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