

Report title

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## Draft Outturn Report for 2018/19

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Report to

Corporate Services DB  
Commissioner's Board

Date

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Report by

Assistant Director, Finance

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### Summary

This report reviews the draft financial outturn for the 2018/19 financial year, sets out the position on the financial reserves and also provides an update to the approved capital programme.

### Recommended decision

That the Commissioner's Board:

1. Notes the revenue and capital financial outturn position as set out in the report.
2. To agree a revised capital budget for 2019/20 of £38,988k to reflect the net project slippage and changes as detailed from paragraph 33 below.

### Background

1. This report presents the draft financial outturn position for 2018/19. The draft Statement of Accounts will be approved by the Chief Finance Officer (Director of Corporate Services) to meet the statutory deadline of 31 May, and will then be subject to external audit, with final accounts to be approved by the London Fire Commissioner (LFC) and published by 31 July.

### Tables and Appendices to this report

2. A number of appendices provide additional detail on the financial position, as follows:
  - Appendix 1 provides a summary of the provisional outturn financial position for the revenue budget;
  - Appendix 2 contains additional detail on the provisional outturn financial position;
  - Appendix 3 reports on the provisional outturn on the capital programme;
  - Appendix 4 discuss the risks to the capital position that have not been quantified and carried forwards to 2019/20;
  - Appendix 5 provides an analysis of outstanding debt relating to charges for Shut in Lift attendances;
  - Appendix 6 meets the requirement to disclose all budget virements within the quarter under the LFC Scheme of Governance;

- Appendix 7 provides an update on expenditure approved in the Additional Resilience Requirements report (FEP2763);
- Appendix 8 provides the Financial Element on Performance.

## Revenue

3. The draft outturn position for 2018/19 on the revenue budget is an underspend of £4,146k (1.0%). However as noted above, this is subject to external audit, with final accounts to be approved for the London Fire Commissioner (LFC) and published by 31 July.
4. The revenue outturn includes additional underspends of £1,642k since last reported to LFC as at the end of quarter 3 (LFC-0121). These additional underspends are mainly due to:
  - Additional income (£1,635k) including a premium payment on the Grotto site at Southwark of £455k that was initially forecast as a capital receipt, income from training courses run by LFB £216k and a contribution of £150k for Fire Safety, now transferred to an earmarked reserve for use in the 2019/20 financial year, interest receivable of £391k due to the receipt for the sale of Southwark fire station and a reduction in the provision for outstanding debt of £547k as the amount of debt at the end of March 2019 has reduced significantly from the position at the end of last financial year.
  - A revised forecast on building maintenance (£462k) due to a reduction in the forecast expenditure on maintenance contracts, with planned additional spend on the backlog works to improve the overall condition of the LFC estate now offset by delays in more routine maintenance through the KBR contract.
  - Professional Development (£446k) due to lower than expected spend against the training contract largely due to the way firefighter apprenticeship training costs and payments from the digital account are apportioned across financial years.
  - A further increase to the underspend on property rates (£339k) following further successful appeals, in the fourth quarter.
  - Additional underspend on vehicle passthroughs (£216k) due to delays to modification programmes, and a lower forecast cost of accident repairs;
  - Professional services (£229k) due to revised costs for prosecution cases and inquest matters, the Control and Mobilising (CAMS) contract cost due to service credits, and additional underspends on general office expenses (£93k) across a range of departmental budgets.
5. The above underspends are offset by an increase in spend on operational staff (£603k) following an updated forecast for pay awards; increase in expenditure on telecommunications budgets (£566k) mainly as a result of the Home Office catching up with billing for FireLink charges; additional spend on hardware and software budgets (£120k) due to upgrades to training software, other systems and IT equipment, and a reduction in income from insurance companies (£325k) under the Metropolitan Fire Brigade (MFB) Act due to a provision established following a refund claim from an insurance company.
6. The summarised movements since last reported to LFC (LFC-0121) above are in addition to areas of underspending previously reported throughout the financial year. In some of the earlier reports, this included incorporating into the forecast outturn items that had been identified as risks as at the beginning of the financial year.
7. The previously reported variances included underspending on operational salaries (£1,191k) due to vacancies in operational staff. There was an average of 174 operational staff vacancies over

the year, against the budgeted vacancy margin of 84 vacancies. There are also significant forecast underspends of £1,715k on FRS staff budgets due to vacancies; £2,339k on property rates (increased by £339k since last reported) following further success in rate valuation appeals, offset by additional spend of £1,259k on other Premises budgets (down by £462k since last reported); £456k on vehicle passthroughs due to lower number of repairs, and £367k abatements on the vehicle and equipment contract.

8. As identified previously, the above underspends are offset by additional overspends on the compensation budget of £448k, on premises security of £207k due to extending security costs for surplus sites in Southwark, Mitcham, Clerkenwell and Lambeth; on energy costs of £293k due to increasing wholesale costs and changes to supply arrangements; and on rental costs of £163k due to an increase for the ICT recovery site at Woking, additional payments at Northolt and Stanmore related to a telecommunications installation and the temporary cost of secure storage for museum exhibits.

9. The key variances are explained in more detail from paragraph 13 below.

## 2019/20 Budget process

10. As part of the 2019/20 budget process, a review of previous years underspends was carried out to identify underspending areas in 2018/19 that could be taken as a saving in 2019/20. This contributed to savings of £1,338k, with other changes reported through adjustments to the Medium Term. Areas of significant underspending that were addressed through this process are summarised in Table 1 below.

Table 1. Budget Reductions incorporated into the 2019/20 Budget

	Revised Budget	Outturn Variance		2019/20 Savings	MT Savings
	£'000	£'000	%	£'000	£'000
Operational Firefighters	241,115	(1,191)	-0.5%	(179)	
FRS Staff	50,649	(1,715)	-3.4%	(209)	(1,000)
Professional Development	19,955	(446)	-3.4%		(1,999)
Running Costs	2,649	(55)	-1.8%	(165)	
Clothing & Laundry	3,029	(162)	-5.4%	(157)	
Other Local Authorities	13,511	(68)	-4.7%	(64)	
MFB Act Income	-27,741	266	-1.0%	(400)	(997)
Customer & Client Receipts	-10,702	(665)	6.1%	(68)	
Other Miscellaneous savings				(96)	
<b>Budget Reductions incorporated in the 2019/20 Budget</b>				<b>(1,338)</b>	<b>(3,996)</b>

## Capital

11. The capital outturn for 2018/19 is £13,432k. This is an increase of £1,374k from the position reported as at the end of Quarter 3 of £12,058k (LFC-0121). This is due to budgets brought forward from 2019/20 and future years of £2,297k and new budgets of £147k, offset by budget re-phasing to 2019/20 of £425k and budget savings of £645k.

12. The key variances are explained in more detail from paragraph 35 and in Appendix 3.

## **Reasons for the Revenue Position**

### **Staff**

13. The budget for operational staff underspent by £1,191k. The underspend decreased by £605k from the forecast position in Quarter 3 largely due to funding for an increase to the provision for a backdated London Weighting claim (£5,147k), offset by underspends due to the previously forecast additional 1% pay award for operational and control staff from 2017 now not expected to be incurred in 2018/19 (£3,487k). This was offset by a reduction in the overspend on operational overtime due to lower spend over the Christmas period (£567k), and delays to recruiting non station based staff across a number of departments (£488k). There was an average of 174 operational staff vacancies over the year, against the budgeted vacancy margin of 84 vacancies, resulting in the remainder of the underspend, as previously reported.
14. FRS staff budgets underspent by £1,715k, 3.4% of the revised budget, with the underspend reduced slightly, by £77k, from the position reported at Quarter 3. There were 148 FRS vacancies at the end of March, with a substantial number of these covered by the 93 agency staff in place at the end of Quarter 4. A one-off £1,000k saving has been included in the 2019/20 budget, in light of the current vacancy levels.
15. Control staff budgets overspent by £331k, a slight decrease of £14k since last reported. The overspend is due to additional overtime payments required to continue the current staffing model of eleven Control Officers per watch in order to maintain operational resilience. £230k has been set aside in a reserve for 2019/20 while this staffing model is retained, and any plans for a permanent increase to the Control budget will be reviewed as part of the 2020/21 budget setting process.

### **Employee Related**

16. Employee related budgets overspent by £874k. This decreased by £487k from the forecast position at Quarter 3 due to a reduction in the spend on professional development (£446k) and compensation budgets (£140k), offset by an increase in severance costs (£138k). The lower spend on professional development was on the training contract, largely due to the way firefighter apprenticeship training costs and payments from the digital account are apportioned across financial years, and the decrease in the spend on compensation budgets was in relation to personal injury matters. The additional spend on severance includes the impact of early pension release costs for staff.
17. The remainder of the overspend includes previously reported expenditure to procure additional firefighter trainee courses at the Fire Service College (£899k), in order to achieve full establishment in 2019/20, and a revised forecast overspend on compensation budgets (£448k) offset by the reduction in spend of £624k from the forecast position at Quarter 3 detailed above.
18. The overspend on compensation budgets would ordinarily be funded from the compensation reserve, in place to smooth the impact of compensation claims in any one year. This has not been deemed necessary in the current financial year as the additional cost could be contained within the overall LFC underspend. This allows the earmarked reserve to be maintained at its current level of £1m to be applied to any overspend on compensation costs in future years.

## **Firefighter Injury Pensions**

19. Firefighter pensions budgets include expenditure on injury pensions, ill health top ups and sanction charges. There is a slight overspend of £48k (0.2%). As previously reported, this is made up of an underspend on injury pensions (£200k) due to medical reviews and injury pensioner numbers, offset by overspends on the budgets for ill health top ups (£208k) and sanction charges (£40k).

## **Premises**

20. Premises budgets underspent by £502k, a decrease in expenditure of £520k from the forecast overspend at Quarter 3. This net reduction in building maintenance budgets (£462k) is despite planned additional spend to improve the overall condition of the LFC estate, as this was offset by lower than expected routine maintenance provided through the KBR contract, funded from the reduction in expenditure on property rates budgets (£339k) due to further successful appeals in the fourth quarter. These are offset by an increase in spend against other property services (£117k) largely due to the recharge of capital costs which were incurred on the Middlesex pattern station refurbishment project to revenue, these refurbishments are now being carried out on an individual basis. The underspend was also offset by an increase in the overspend on fixtures and fittings (£70k) for replacing old gym equipment at stations, energy (£37k) due to an increase in consumption and cleaning budgets (£50k) due to a backlog of contract amendments on the general cleaning contract being agreed.
21. As previously reported in Quarter 3 (LFC-0121), the underspend on premises budgets is made up of previously forecast underspends on property rates (now £2,339k) following successful appeals, and an underspend against the property PFI contract (£110k) due to abatements. These underspends are offset by overspends on maintenance contracts (now £1,259k) due to the decision to progress a backlog of works aimed at improving the overall condition of the LFC estate, including repairs, refurbishment and minor improvements to properties, energy costs (£293k) due to increasing wholesale costs and changes to supply arrangements, on premises security (£207k) due to extending security costs for surplus sites in Southwark, Mitcham, Clerkenwell and Lambeth, and rents (£163k) due to an increase in rental cost for the ICT recovery site at Woking and additional payments at Northolt and Stanmore related to a telecommunications installation.

## **Transport**

22. Transport budgets underspent by £879k, an additional underspend of £373k since last reported. This additional underspend is on the vehicle passthroughs budget (£216k) including reduced requirement for modifications programmes whilst pumping appliances are being replaced and a lower cost of accident repairs, on the vehicle and equipment contract (£67k) due to abatements offset by the previously forecast costs on stations fuel budgets (£117k).
23. The remainder of the underspend includes previously forecast underspends on vehicle passthroughs (now £457k) and the vehicle and equipment contract (now £367k), that have increased since last reported as discussed above.

## **Supplies and Services**

24. Supplies and services budgets overspent by £781k and expenditure has increased by £523k from the forecast position reported at Quarter 3. The increase in expenditure includes additional spend on telecommunications budgets (£566k) largely as a result of the Home Office catching up with billing for FireLink charges, and additional spend on hardware and software budgets (£120k) due to upgrades to training software and other systems including StARS and the purchase of IT equipment. This is offset by a reduction of £228k on professional services made

up of legal professional fees (£112k) due to revised costs for prosecution cases and inquest matters, and on the Control and Mobilising (CAMS) contract cost (£98k) due to service credits incurred at the start of the year, which have now reduced as a result of ongoing improvements in performance from the contractor.

25. As previously reported, the remainder of the overspend of relates mainly to spend on hardware and software budgets (now £362k) due to additional one off expenditure to make improvements to a range of ICT products including a wallboard at Merton, improvements to Sharepoint and Farynor and printers at Union Street. It also includes spend on operational equipment (revised to £275k) due to a higher level of face masks requiring replacement and a high level of replacement pads required on breathing apparatus harnesses, which have come to the end of their useful life, and spend on new portable hygiene unit costs.

### **Third Party Payments**

26. Third party payment budgets have underspend by £55k, largely due to underspend against the Local Pensions Partnership (LPP) shared services contract and underspend on mutual assistance budgets.

### **Capital Financing**

27. There is an underspend of £405k on capital financing costs, an increase of £85k since last reported. The underspend is due to the reduction in capital expenditure in 2017/18 and 2018/19, which resulted in no external borrowing and therefore a lower MRP (minimum revenue provision for the repayment of debt) requirement and lower loan interest costs for 2018/19.

### **Income**

28. There is an over recovery of £1,391k on income budgets, an increase of £1,310k from the forecast reported at Quarter 3. This increase is due to additional interest income (£390k) due to the receipt from the sale of Southwark fire station which was not anticipated in the previous forecast, a reduction in the provision for outstanding debt (£547k) as the amount of debt at the end of March 2019 has reduced significantly from the position at the end of the last financial year, additional customer and client receipts (£697k) made up of rental income £455k largely due to a premium payment on the Grotto site at Southwark that was initially expected to be treated as a capital receipt, income from training courses run by LFB £216k, a contribution of £150k for Fire Safety, now transferred to reserve for use in 2019/20 financial year, and higher income from shut in lift charges than expected (£42k) offset by the income expected from LFB Enterprises (£83k) as the companies activities have reduced. There is also reduction in income from insurance companies under the Metropolitan Fire Brigade (MFB) Act due to the establishment of a provision following a claim for a refund from an insurance company (£325k) which offsets the above over recovery of income.

29. Appendix 5 includes an update on the position on outstanding shut in lift debt.

### **Reserves**

30. Table 2 below sets out the position on the financial reserves, resulting from the financial position reported above. The balance on the general reserve, following the outturn position, is £21,370k, and this is £7,287k above the minimum general reserve position of 3.5% of the net revenue expenditure. It is proposed to transfer the excess balance into the Budget Flexibility reserve to further mitigate the budget deficit anticipated over the next four years.

Table 2. Position on Reserves

£000s	Opening Balance at 01/04/18	Use of Reserves including in Accounts	Anticipated Balance at 31/03/19 (March Budget)	Unapproved Transfers Between Reserves	Increase to Reserves in Q4	Anticipated Balance at 31/03/19 (Outturn)
Additional Resilience Requirements	4,361	(3,593)	767		68	835
Capital Expenditure Reserve	0	11,745	11,745			11,745
Central Programme Office	0		0		250	250
Community Safety Investment Fund	0		0		11	11
Compensation	1,000		1,000			1,000
Emergency Services Mobile Communication Programme	155	1,773	1,928		345	2,273
Emergency Medical Response	830	(536)	294			294
Firefighters' Pension	1,172	(1,172)	0			0
Fire Safety and Youth Engagement	318	397	715		273	988
Hazardous Material Protection	0	0	0			0
HMICFRS inspection regime	0	21	21		65	86
Hydrants	462		462			462
ICT Development Reserve	1,310	541	1,851		150	2,001
LFC Control Centre	0	959	959			959
LFB Museum Project	0	210	210			210
London Resilience	2,115	(1,100)	1,015		72	1,087
London Safety Plan Initiatives	4,561	(383)	4,178		76	4,254
New Governance Arrangements	300	(300)	0		148	148
Organisational Reviews	0	505	505	150	166	821
Pension Early Release Costs	400	(400)	0			0
Property PFI	0		0			0
Recruitment/ Outreach	350	20	370			370
Sustainability	235		235			235
Vehicle & Equipment Reserve	1,163	1,702	2,865		244	3,108
Budget Flexibility	11,469	11,642	23,110	7,287		30,397
General	20,356	1,014	21,370	(7,437)		13,933
<b>Total</b>	<b>50,557</b>	<b>23,043</b>	<b>73,600</b>	<b>0</b>	<b>1,834</b>	<b>75,434</b>

31. The reserves table above includes a transfer from the general reserve of £150k for Organisation Reviews. Table 2 also shows the impact of where the outturn spend position has resulted in a lower required draw from earmarked reserves, compared with the position set out in the Budget report (LFC-0133), to fund re-phased expenditure in 2019/20. This includes the Additional Resilience Requirements reserve of £68k, the Community Safety Investment Fund reserve of £11k, the Central Programme Office reserve of £250k, the Emergency Services Mobile Communication Programme reserve of £345k, the Fire Safety and Youth Engagement reserve of £273k, the ICT development reserve of £150k, the London Resilience of £72k, the London Safety Plan Initiatives reserve of £76k, the Organisation Reviews reserve of £166k and the Vehicle & Equipment reserve of £244k.
32. As set out above it is proposed that the £7.3m available in the general reserve above the required minimum amount should be transferred into the Budget Flexibility Reserve. The impact of this transfer on the four year budget position is set out in Table 3 below and would reduce the

budget gap in 2021/22 from £17.8 m to £10.5m. Although it should be noted that as reserve funding only provides a one-off solution, this would not impact on the £18.0m budget gap in 2022/23.

Table 3 – Balance on Budget Flexibility Reserve

	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
<b>Budget Gap March</b>	<b>3.6</b>	<b>18.1</b>	<b>19.2</b>	<b>18.0</b>
Payment into / (Draw from) Budget Flexibility Reserve	(3.6)	(18.1)	(8.7)	0.0
<b>Revised Budget Gap</b>	<b>0.0</b>	<b>0.0</b>	<b>10.5</b>	<b>18.0</b>
Budget Flexibility Reserve Balance at end of Financial Year	26.8	8.7	0.0	0.0

### Capital Programme

33. The capital outturn for 2018/19 is £13,432k, which is £1,374k more than the position reported at Quarter 3, £12,058k (LFC-0121). The main changes in the programme are detailed below and a full explanation of the changes are detailed in Appendix 3 and the changes since the Quarter 3 position detailed in Table 4 below.

- Budgets brought forward from 2019/20 and beyond - £2,297k
- New Budgets - £147k
- Budget slippage to 2019/20 – (£425k)
- Budget Savings – (£645k)

34. The budgets brought forwards from 2019/20 and beyond of £2,297k includes £1,635k for Pumping Appliances, as a number of appliance deliveries were achieved slightly earlier than expected. Other budgets brought forwards include West Hampstead Cottages Refurbishment (£42k), Operational Support Centre (£116k), Minor Works (£304k) and Minor Refurbishments (£200k).

35. The new budgets of £147k is as a result of professional fees incurred in the disposal of sites.

36. The budget slippage of £425k to 2019/20 covers a number of projects including the Merton Data Centre Transferability (£75k), Portable Hygiene Units (£91k), New Training Centre (£81k), Estates (£44k) and Fleet Equipment (£134k).

37. The budget savings of £645k includes the development budget which is used for feasibility studies (£333k), the Middlesex Fire Stations Proposed Refurbishments (£185k), the Fleet Equipment Budget/MMP (£115k) and other savings (£12k).

Table 4. Capital Budget Changes By Department

Budget Year	Qtr. 3 Forecast £000s	Outturn 2018/19 £000s	Variance £000s		Savings £000s	Slippage to/ from later years £000s	New Budget £000s
ICT	647	582	(65)		(10)	(55)	0
Fleet	8,343	9,638	1,295		(485)	1,780	0
Property	3,068	3,065	(3)		(540)	537	0
New Training Centre	0	0	0		0	0	0
Disposal costs	0	147	147		0	0	147
<b>Capital Programme</b>	<b>12,058</b>	<b>13,432</b>	<b>1,374</b>		<b>(1,035)</b>	<b>2,262</b>	<b>147</b>

38. The future years capital programme has been reviewed and the capital budget by year and department is detailed in Table 5 below. The Commissioner's Board is recommended to agreed this revised capital budget for 2019/20.

Table 5. Future Capital Budget

Budget Year	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
ICT	582	4,886	4,584	3,175	4,739	6,089
Fleet	9,638	22,501	22,996	8,596	2,276	0
Property	3,065	11,220	9,665	8,730	7,393	9,618
New Training Centre	0	381	1,800	6,300	5,853	926
Disposal costs	147	0	0	0	0	0
<b>Capital Programme</b>	<b>13,432</b>	<b>38,988</b>	<b>39,045</b>	<b>26,801</b>	<b>20,261</b>	<b>16,633</b>

### Debtors

39. An analysis of debtors relating to Shut in Lifts charges is provided in Appendix 5. This includes a chart that shows the continued decrease in the amount of Shut in Lift debts outstanding over the past 18 months, with £101k outstanding at the end of March 2019.

### Finance comments

40. This report is presented by the Assistant Director, Finance and there are no further comments.

### Workforce comments

41. No staff-side consultations have been undertaken on this report.

### Legal comments

42. The report is a financial update presented for information only. It is submitted in accordance with Part 6 (Financial Regulations) of the London Fire Commissioner's ("LFC") Scheme of Governance which sets out detailed rules covering financial planning, monitoring and control.

43. This report fulfils the obligations set out in paragraph 8 and 9 of the Financial Regulations which stipulates appropriate financial information must be provided to enable budgets be monitored

effectively, and all virements (transfers of budget) of revenue budget that had not been committed shall be reported as part of the quarterly financial position report.

44. The Director of Corporate Services has responsibility for the administration of the LFC's financial affairs under section 127 of the Greater London Authority Act 1999, and is required to ensure arrangements for all financial and accounting matters, the security of money, and other assets are economic, efficient and effective.

#### **Sustainability implications**

45. There are no direct sustainable implications.

#### **Equalities implications**

46. This report has no equality implications.

### **List of Appendices**

<b>Appendix</b>	<b>Title</b>	<b>Protective Marking</b>
1.	Summary Financial Position	Not protectively marked
2.	Detailed Financial Position	Not protectively marked
3.	Capital Programme	Not protectively marked
4.	Risks to the Revenue and Capital Position	Not protectively marked
5.	Outstanding Lift debtors	Not protectively marked
6.	Scheme of Governance - Budget Virements	Not protectively marked
7.	Additional Resilience Requirements	Not protectively marked
8.	Financial Element on Performance	Not protectively marked

### **Consultation**

<b>Name/role</b>	<b>Method consulted</b>
Heads of Department	Departmental finance returns

## Summary Financial Position

## Appendix 1

	Revised Budget	Outturn	Outturn Variance	Previous Forecast Outturn Variance	Movement between variance figures
	£000s	£000s	£000s	£000s	£000s
Operational staff	241,115	239,924	(1,191)	(1,796)	605
Other staff	55,994	54,611	(1,384)	(1,446)	62
Employee related	23,890	24,764	874	1,360	(487)
Pensions	20,445	20,493	48	(10)	58
Premises	37,864	37,362	(502)	18	(521)
Transport	16,329	15,449	(880)	(506)	(374)
Supplies and services	29,230	30,011	781	258	523
Third party payments	2,262	2,207	(55)	55	(111)
Capital financing costs	9,770	9,365	(405)	(320)	(85)
Central contingency against inflation	215	0	(215)	(211)	(5)
<b>Total revenue expenditure</b>	<b>437,116</b>	<b>434,185</b>	<b>(2,930)</b>	<b>(2,597)</b>	<b>(334)</b>
Other income	(39,043)	(40,434)	(1,391)	(81)	(1,310)
<b>Net revenue expenditure</b>	<b>398,073</b>	<b>393,752</b>	<b>(4,321)</b>	<b>(2,678)</b>	<b>(1,643)</b>
Use of earmarked reserves	16,749	17,398	649	250	399
<b>Financing Requirement</b>	<b>414,822</b>	<b>411,150</b>	<b>(3,673)</b>	<b>(2,428)</b>	<b>(1,245)</b>
Financed by:					
Specific grants	(16,352)	(16,826)	(474)	(77)	(397)
GLA funding	(398,470)	(398,470)	0	0	0
<b>Net Financial Position</b>	<b>0</b>	<b>(4,146)</b>	<b>(4,146)</b>	<b>(2,505)</b>	<b>(1,642)</b>

## Detailed Financial Position

## Appendix 2

	Original Budget	Revised Budget	Outturn	Outturn Variance		Previous Forecast Outturn Variance (Q3)	Movement between Q3 and outturn variance
	£	£	£	£	%	£	£
Operational Staff	237,484,871	239,111,103	237,408,699	(1,702,404)	(0.7%)	(2,305,795)	603,391
Trainee Firefighters	1,647,846	2,004,203	2,515,390	511,187	25.5%	509,465	1,722
<b>Total Operational Staff</b>	<b>239,132,716</b>	<b>241,115,306</b>	<b>239,924,089</b>	<b>(1,191,217)</b>	<b>(0.5%)</b>	<b>(1,796,330)</b>	<b>605,113</b>
FRS Staff	51,728,600	50,648,992	48,934,279	(1,714,713)	(3.4%)	(1,791,466)	76,752
Control Staff	5,500,716	5,345,497	5,676,566	331,069	6.2%	345,384	(14,315)
<b>Total Other Staff</b>	<b>57,229,317</b>	<b>55,994,489</b>	<b>54,610,844</b>	<b>(1,383,644)</b>	<b>(2.5%)</b>	<b>(1,446,082)</b>	<b>62,437</b>
Other Pension Payments	990,000	990,000	1,075,536	85,536	8.6%	30,000	55,536
Severance	0	29,568	230,019	200,451	677.9%	62,643	137,808
Professional Development	20,757,145	19,955,558	20,135,813	180,255	0.9%	626,640	(446,385)
Recruitment	197,500	194,330	157,554	(36,776)	(18.9%)	26,190	(62,965)
Employee Related Insurance	190,000	215,000	250,628	35,628	16.6%	28,696	6,932
Compensation	555,813	555,814	1,003,785	447,971	80.6%	587,799	(139,828)
Medical and Welfare Expenses	2,096,536	1,949,536	1,910,173	(39,363)	(2.0%)	(1,670)	(37,693)
<b>Total Employee Related</b>	<b>24,786,994</b>	<b>23,889,805</b>	<b>24,763,508</b>	<b>873,703</b>	<b>3.7%</b>	<b>1,360,298</b>	<b>(486,595)</b>
<b>Firefighter Pension Scheme</b>	<b>20,445,260</b>	<b>20,445,260</b>	<b>20,492,972</b>	<b>47,712</b>	<b>0.2%</b>	<b>(10,000)</b>	<b>57,712</b>
Building Maintenance	6,893,188	7,160,899	8,419,694	1,258,795	17.6%	1,721,000	(462,205)
Grounds Maintenance	146,396	120,984	120,348	(636)	(0.5%)	(15,000)	14,364
Premises Security	451,670	571,670	778,949	207,279	36.3%	205,000	2,279
Energy Costs	2,034,205	2,034,205	2,327,373	293,168	14.4%	256,000	37,168
Rents	8,143,116	8,331,856	8,494,378	162,522	2.0%	140,573	21,949
Property PFI Contract	5,585,202	5,585,202	5,474,940	(110,262)	(2.0%)	(70,000)	(40,262)
Property Rates	9,088,111	9,088,111	6,749,078	(2,339,033)	(25.7%)	(2,000,000)	(339,033)
Water & Sewerage Rates	263,515	263,515	253,960	(9,554)	(3.6%)	0	(9,554)

## Detailed Financial Position

## Appendix 2

	Original Budget	Revised Budget	Outturn	Outturn Variance		Previous Forecast Outturn Variance (Q3)	Movement between Q3 and outturn variance
Fixtures & Fittings	97,969	97,969	167,660	69,691	71.1%	0	69,691
Cleaning and Domestic Supplies	2,020,097	2,101,297	2,162,790	61,493	2.9%	11,000	50,493
Premises Insurance	372,000	322,000	339,606	17,606	5.5%	0	17,606
Other Property Services	2,464,908	2,186,583	2,073,097	(113,486)	(5.2%)	(230,125)	116,639
<b>Total Premises</b>	<b>37,560,376</b>	<b>37,864,290</b>	<b>37,361,873</b>	<b>(502,418)</b>	<b>(1.3%)</b>	<b>18,448</b>	<b>(520,866)</b>
Running Costs	3,071,571	2,649,464	2,594,520	(54,944)	(2.1%)	61,694	(116,638)
Vehicle and Equipment Contract	10,972,929	10,969,222	10,602,254	(366,968)	(3.3%)	(300,000)	(66,968)
Vehicle Passthroughs	643,651	678,511	221,668	(456,842)	(67.3%)	(240,581)	(216,261)
Maintenance and Repairs	670,000	0	0	0	0.0%	0	0
Contract Hire & Operating Leases	1,173,800	1,110,233	1,127,427	17,194	1.5%	27,173	(9,979)
Travel	1,108,859	921,681	903,382	(18,299)	(2.0%)	(54,440)	36,140
<b>Total Transport</b>	<b>17,640,810</b>	<b>16,329,110</b>	<b>15,449,251</b>	<b>(879,859)</b>	<b>(5.4%)</b>	<b>(506,154)</b>	<b>(373,705)</b>
Hydrants	496,055	496,055	253,912	(242,143)	(48.8%)	(250,000)	7,857
Operational Equipment	2,991,620	1,678,346	1,953,065	274,719	16.4%	231,364	43,355
Smoke Alarms	700,000	700,000	586,167	(113,833)	(16.3%)	(167,596)	53,763
Equipment Furniture and Materials	287,727	315,869	421,248	105,379	33.4%	46,946	58,433
Lost & NFWT Operational Equipment	111,425	111,425	47,474	(63,952)	(57.4%)	(41,425)	(22,527)
Catering	298,990	314,455	292,807	(21,649)	(6.9%)	(12,562)	(9,086)
Clothing & Laundry	3,011,598	3,029,028	2,866,831	(162,197)	(5.4%)	(53,327)	(108,870)
General Office Expenses	703,793	642,539	515,662	(126,876)	(19.7%)	(33,716)	(93,160)
Professional Services	8,950,632	9,729,697	9,808,085	78,388	0.8%	307,270	(228,882)
Postal Services	61,255	61,055	76,693	15,638	25.6%	0	15,638
Communications	3,682,073	4,416,080	4,997,851	581,771	13.2%	15,810	565,961
Hardware and Software	7,056,685	6,869,903	7,231,439	361,536	5.3%	241,950	119,586
Staff Reimbursements	248,772	242,021	220,899	(21,122)	(8.7%)	(9,436)	(11,686)
Grants and Subscriptions	235,643	232,643	195,743	(36,900)	(15.9%)	(23,840)	(13,060)

## Detailed Financial Position

## Appendix 2

	Original Budget	Revised Budget	Outturn	Outturn Variance		Previous Forecast Outturn Variance (Q3)	Movement between Q3 and outturn variance
Other Insurance	225,000	250,000	339,834	89,834	35.9%	0	89,834
Advertising	117,750	121,661	109,940	(11,721)	(9.6%)	(1,192)	(10,529)
Other Supplies and Services	38,976	19,170	93,366	74,196	387.0%	8,008	66,188
Total Supplies and Services	29,217,993	29,229,948	30,011,015	781,067	2.7%	258,253	522,815
Other Agencies	318,700	407,887	423,852	15,965	3.9%	0	15,965
Other Local Authorities	1,561,002	1,765,633	1,697,377	(68,256)	(3.9%)	75,019	(143,275)
Audit & Bank Charges	88,600	88,600	85,412	(3,188)	(3.6%)	(19,600)	16,412
Total Third Party Payments	1,968,302	2,262,120	2,206,640	(55,479)	(2.5%)	55,419	(110,898)
Debt Repayment	6,282,000	6,282,000	6,049,620	(232,380)	(3.7%)	(232,000)	(380)
External Interest	3,488,000	3,488,000	3,315,496	(172,504)	(4.9%)	(88,000)	(84,504)
Total Capital Financing Costs	9,770,000	9,770,000	9,365,116	(404,884)	(4.1%)	(320,000)	(84,884)
Budget for Non Staff Inflation	561,219	561,219	0	(561,219)	(100.0%)	(561,219)	0
Central Contingency	40,934	(62,776)	0	62,776	(100.0%)	62,776	0
Savings to Be Achieved	(339,250)	(370,903)	0	370,903	(100.0%)	356,692	14,211
Savings done by DA	70,293	87,909	0	(87,909)	(100.0%)	(68,909)	(19,001)
Central Contingency	333,197	215,449	0	(215,449)	(100.0%)	(210,659)	(4,790)
<b>Total revenue expenditure</b>	<b>438,084,965</b>	<b>437,115,776</b>	<b>434,185,309</b>	<b>(2,930,468)</b>	<b>(0.7%)</b>	<b>(2,596,807)</b>	<b>(333,661)</b>
MFB Act Income	(27,695,000)	(27,740,647)	(27,474,586)	266,061	(1.0%)	(59,353)	325,414
Customer and Client Receipts	(8,801,309)	(10,902,133)	(11,567,045)	(664,912)	6.1%	32,521	(697,433)
Interest Receivable	(400,000)	(400,000)	(860,924)	(460,924)	115.2%	(70,000)	(390,924)
Bad Debts	0	0	(531,078)	(531,078)	0.0%	15,584	(546,662)
Total Other Income	(36,896,309)	(39,042,781)	(40,433,634)	(1,390,853)	3.6%	(81,248)	(1,309,605)

## Detailed Financial Position

## Appendix 2

	Original Budget	Revised Budget	Outturn	Outturn Variance		Previous Forecast Outturn Variance (Q3)	Movement between Q3 and outturn variance
<b>Net revenue expenditure</b>	<b>401,188,655</b>	<b>398,072,996</b>	<b>393,751,675</b>	<b>(4,321,321)</b>	<b>(1.1%)</b>	<b>(2,678,055)</b>	<b>(1,643,266)</b>
Use of Earmarked Reserves	(2,183,254)	16,749,123	17,397,887	648,764	3.9%	250,001	398,763
<b>Financing Requirement</b>	<b>399,005,401</b>	<b>414,822,119</b>	<b>411,149,562</b>	<b>(3,672,557)</b>	<b>(0.9%)</b>	<b>(2,428,055)</b>	<b>(1,244,502)</b>
Financed by:							
Specific grants	(12,205,401)	(16,352,232)	(16,826,083)	(473,850)	2.9%	(76,834)	(397,017)
GLA Grant	(386,800,000)	(398,469,887)	(398,469,887)	0	0.0%	0	0
<b>Net Financial Position</b>	<b>0</b>	<b>0</b>	<b>(4,146,407)</b>	<b>(4,146,407)</b>	<b>0.0%</b>	<b>(2,504,888)</b>	<b>(1,641,519)</b>

The final capital outturn for 2018/19 is **£13,432k**, which is **£1,374k** more than the position reported at Quarter 3 £12,058k (LFC-0121). The changes in the programme are detailed below together with an explanation supporting the amendments.

**Budget savings – (£645k)**

- Middlesex Fire Stations Proposed Refurbishments – (£185k)
- Development Costs – (£333k)
- Fleet Equipment Budget/MMP – (£115k)
- Other savings - (£12k)

**Re-phasing to 2019/20 – (£425k)**

- ICT – Merton Data Centre Data Transferability – (£75k)
- Portable Hygiene Units – (£91k)
- New Training Centre – (£81k)
- Estates – other re-phasing – (£44k)
- Fleet Equipment re-phasing– (£134k)

**Budget brought forward from 2019/20 and beyond – £2,297k**

- West Hampstead Cottages Refurbishment - £42k
- Operational Support Centre – £116k
- Minor Works – £304k
- Minor Refurbishments - £200k
- Pumping Appliances - £1,635k

**New Budget Requirement - £147k**

- Professional fees incurred in the disposal of sites £147k

1. **Middlesex Fire Stations Proposed Refurbishments** - the initial consultant feasibility study commissioned on 13 'Middlesex pattern' stations in 2016 was not developed into a viable scheme and therefore was recharged to the revenue budget as abortive costs and resulted in savings of £185k on the capital programme. It is now planned that Middlesex stations will be reviewed as part of the future LFC Estate Strategy Plan.
2. **Development Budget** - The development budget was used for feasibility studies commissioned for potential future capital works. The feasibility costs have been charged to the relevant capital project budgets but where capital works have not been undertaken, these have been recharged to revenue as abortive costs. New framework consultants were commissioned to carry out various feasibilities for new projects in 2018/19 at more economical rates. Overall this has resulted in a saving of £333k.
3. **Fleet - Equipment** –Equipment expected to be delivered by 31st March 2019 has not been received and will now be delivered in the new financial year, this has resulted in £134k being carried forward to 2019/20. In addition, a number of equipment items were expected to be paid for in 2017/18 but the appropriate documentation was not available to receipt these items in 2017/18. The sum of £370k was therefore carried forward and spent in 2018/19. This has been offset against the savings achieved following the review of the Major Modification Programme (MMP) which identified that the level of equipment modifications

required is less than that previously predicted. This has resulted in a budget saving of £485k – net saving £115k.

4. **ICT – Merton Data Centre Data Transferability - £75k** – The Multi Agency Incident Transfer (MAIT) functionality is included in a software release delivered by Capita in March 2019. Unfortunately, this failed the first round of testing and has been returned to the suppliers for further work. It has not been possible to test the MAIT functionality yet and with the expected re supply of the software not due until week commencing 18th March, it is now not expected to be accepted until early April 2019. Accordingly £75k has been carried forward to 2019/20.
5. **Portable Hygiene Units – Report LFC-0101** –The Workplace (Health, Safety and Welfare) Regulations 1992 cover the supply of toilets and washing facilities for staff and covers the welfare facilities for use at operational incidents. This provision was previously provided under contract which has now expired. A full assessment of the various options to provide these facilities was undertaken, with the most advantageous option being for LFB to purchase two portable hygiene units at a cost of £91k, with a third party supplier to undertake the delivery, retrieval, servicing and cleaning of such facilities. The purchase of these units will now be in 2019/20.
6. **New Training Centre** - Following approval by the Project Board, the initial project management consultant was stood down resulting in a recharge to the revenue budget as abortive costs. A new consultant has been appointed. This has resulted in a £81k underspend which is to be carried forward to 2019/20.
7. **West Hampstead Cottages** - The increased spend was due to the number of surveys that were required in order for the pre-tender pack to be compiled. There were also additional costs to provide structural supports to at least two of the properties due to the level of rotting of timber joists. The project is still forecast to be within budget and £42k has been brought forward from 2019/20 budget to fund these costs.
8. **Operational Support Centre** - The higher than anticipated spend during 2018/19 was due to additional preliminary works carried out by the contractor on site and associated project management fees incurred following commencement of works on 18 March 2019. The project is still forecast to be within budget and £116k has been brought forward from 2019/20 budget to fund these costs.
9. **Minor Works** - Further progress was achieved on the installation of motorised gate projects at Addington, Battersea, Erith, Finchley, Hendon, New Cross, Norbury, Park Royal and Peckham fire stations. In addition, an opportunity was taken to supply, install and commission solar PV panels at Addington, Beckenham, Enfield, Poplar, Ruislip, Stratford and Tottenham fire stations, to take advantage of the government's feed in tariff generating income. This resulted in works totalling £304k being brought forward from 2022/23.
10. **Minor Refurbishments** - Shower refurbishment projects at Eltham (£253k) Sutton (£140k), Battersea (£59k), Stratford (£70k) and Tottenham (£46k) fire stations were brought forward due to the condition of the existing facilities. The works were completed in March 2019. The shower refurbishment works at Eltham fire station has not progressed satisfactorily due to poor contractor performance and contractual issues which require resolution. Consequently, the remaining works for Eltham fire station will now not complete until 2019/20. The net result is works totalling £200k being brought forward from 2022/23.

11. **Fleet – Pumping Appliances** - Additional stage payments totalling £1,635k were made in 2018/19 as the delivery of a number of appliances was achieved slightly earlier than expected.

12. **Disposal Fees** – The professional fees/selling fees incurred in the disposal of property are allocated to capital expenditure and charged against the sale receipt once received.

Table 6 below shows a summary of the movements since the Quarter 3 Budget report (LFC-0121) and the impact on the capital budget in future years.

Table 6. Summary of Movements since Quarter 3

Budget Year	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
<b>Qtr. 3 Forecast Report (LFC-0121)</b>	<b>12,058</b>	<b>42,245</b>	<b>37,363</b>	<b>25,086</b>	<b>21,965</b>	<b>138,717</b>
ICT - VM Server Hosts		(500)	500			0
ICT - Home Fire Safety Database		(130)	70	60		0
ICT - Finance System		(89)	89			0
ICT - HR System		(140)	140			0
ICT - Payroll System		(10)	10			0
ICT - Business Management Solutions		(500)		500		0
<b>Capital Strategy Submission (LFC -0134)</b>	<b>12,058</b>	<b>40,876</b>	<b>38,172</b>	<b>25,646</b>	<b>21,965</b>	<b>138,717</b>
ICT – Merton Data Centre Data Transferability	(75)	75				0
ICT – Business Management Solution (BIS)	35			(35)		0
ICT – Virtual Desktop Technology	(15)	15				0
Lambeth River Station Development		100	900	200	(1,200)	0
West Hampstead Cottages Refurbishment	42	(42)				0
Operational Support Centre	116	784	(900)			0
Security at Fire Stations, HQ and other sites		(100)	100			0
New Training Centre	(81)	81				0
Minor Improvement works/refurbishments	504				(504)	0
Rewiring Replacements	(23)	23				0
Appliances Bay Door Replacements	(21)	21				0
Middx Fire Stations Refurbishments	(185)					(185)
Development costs	(221)					(194)
Portable Hygiene Units	(91)	91				0
Fleet - Appliances	1,635	(635)				1,000
Fleet - Equipment	85	(954)	1,088			219
Fleet – Command Units	0	(2,250)	1,260	990		0
Fleet - Aerial Appliances	0	1,300	(1,417)			(217)
Fleet – Vans	116	155	(110)			161
Fleet – 22 Hose	(411)	(507)				(918)
Fleet - Vehicle Security & CCTV	(73)	(45)	(48)			(172)

Budget Year	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
Qtr. 3 Forecast Report (LFC-0121)	12,058	42,245	37,363	25,086	21,965	138,717
Fleet - Fireboat	37					37
2018/19 Outturn Report	13,432	38,988	39,045	26,801	20,261	138,554

## 2018/19 Capital Programme

## Appendix 3

2018/19 CAPITAL BUDGET – 2018/19 Outturn	2018-19 Budget July 2018	Outturn 2018-19	Variance		LFC-0121 Qtr. 3 F/Cast 2018/19	Variance Qtr. 3		(Savings)/ Virements	Slippage to/from 2019/20 onwards	Notes
	£'000s	£'000s	£'000s		£'000s	£'000s		£'000s	£'000s	
<b>ICT Projects</b>										
Records Management - Upgrade Operating System	98	0	(98)		0	0		0	0	
Business Intelligent Solution	654	335	(319)		300	35		0	35	Paid from 2021/22 budget
Control & Mobilisation System (CAMS)	470	0	(470)		0	0		0	0	
Mobile Data Terminals Replacement	71	0	(71)		0	0		0	0	
Replacement of the incident grounds communications	1,800	0	(1,800)		0	0		0	0	
Home Fire Safety Database (linked to Farynor Project)	130	0	(130)		0	0		0	0	
Replacement of laptops (FEP2462)	45	112	(67)		112	0		0	0	
Emergency Services Network	707	0	(707)		0	0		0	0	
ICT – Accident (event) reporting solution	62	58	0		62	(4)		(4)	0	Savings
Online Payment Facility	70	0	(70)		0	0		0	0	
ICT – Virtual Desktop Technology	250	0	(250)		15	(15)		0	(15)	C/fwd to 2019/20
New telephone system equipment	42	49	7		42	7		7	0	
New computer terminals	41	28	(13)		41	(13)		(13)	0	Savings
Core Switch Modules	300	0	(300)		0	0		0	0	
Wireless Access Points	853	0	(853)		0	0		0	0	
Data Centre Switches 3750 Replacement	104	0	(104)		0	0		0	0	
Station Network Rewires	200	0	(200)		0	0		0	0	
Network Storage	750	0	(750)		0	0		0	0	
Farynor Replacement (linked to ICT Home Fire Safety)	750	0	(750)		0	0		0	0	
Data transfer system for Joint Emergency Services Interoperability	195	0	(195)		75	(75)		0	(75)	C/fwd to 2019/20

# 2018/19 Capital Programme

# Appendix 3

2018/19 CAPITAL BUDGET – 2018/19 Outturn	2018-19 Budget July 2018	Outturn 2018-19	Variance		LFC-0121 Qtr. 3 F/Cast 2018/19	Variance Qtr. 3		(Savings)/ Virements	Slippage to/from 2019/20 onwards	Notes
	£'000s	£'000s	£'000s		£'000s	£'000s		£'000s	£'000s	
ICT Projects Over programming/to be allocated	(2,207)	0	2,207		0	0		0	0	
<b>ICT PROJECTS</b>	<b>5,385</b>	<b>582</b>	<b>(4,803)</b>		<b>647</b>	<b>(65)</b>		<b>(10)</b>	<b>(55)</b>	
<b>ESTATE PROJECTS</b>										
Fire Station Refurbishment (Middx FS)	100	(185)	(285)		0	(185)		(185)	0	Savings
Workplace Improvement Plan (WIP) Union Street	60	(1)	(61)		0	(1)		(1)	0	Savings
Plumstead Fire Station Redevelopment	1,500	0	(1,500)		0	0		0	0	
LFB Museum – Fit out	30	0	(30)		0	0		0	0	
Refurbishment of Edmonton Fire Station	100	0	(100)		0	0		0	0	
Heating at various stations	1,411	145	(1,266)		145	0		0	0	
Window replacement at various stations	510	136	(374)		134	2		2	0	
Rewiring of property at various fire stations	600	27	(573)		50	(23)		0	(23)	C/fwd to 2019/20
Minor Improvement Programme	993	1,297	304		993	304		0	304	To be paid from 2022/23 budget
Minor Refurbishment Works	950	1,135	185		935	200		0	200	To be paid from 2022/23 budget
Appliance Bay Doors (Phase 3)	663	385	-257		406	(21)		0	(21)	C/fwd to 2019/20
Brigade wide Survey for Asbestos & Removal	50	16	(34)		50	(34)		(34)		Savings
Fire Safety Works at Fire Stations	47	62	15		47	15		15		
Forecourts/Rear yards Refurbishment	51	34	(17)		38	(4)		(4)		Savings
Improve Security at all Fire Stations, Offices & HQ	100	0	(100)		0	0		0		
New Training Centre	7,445	(81)	(7,526)		0	(81)		0	81	C/fwd to 2019/20

# 2018/19 Capital Programme

# Appendix 3

2018/19 CAPITAL BUDGET – 2018/19 Outturn	2018-19 Budget July 2018	Outturn 2018-19	Variance		LFC-0121 Qtr. 3 F/Cast 2018/19	Variance Qtr. 3		(Savings)/ Virements	Slippage to/from 2019/20 onwards	Notes
	£'000s	£'000s	£'000s		£'000s	£'000s		£'000s	£'000s	
Operations Support Centre Project (IELP)	3,733	125	(3,608)		9	116		0	(116)	To be paid from 2019/20 budget
West Hampstead Cottages Refurb (FEP2776)	686	53	(633)		11	42		0	(42)	To be paid from 2019/20 budget
Development costs	250	(83)	(333)		250	(333)		(333)	0	Savings
<b>ESTATE PROJECTS</b>	<b>19,279</b>	<b>3,065</b>	<b>(16,214)</b>		<b>3,068</b>	<b>(3)</b>		<b>(540)</b>	<b>537</b>	
<b>FLEET &amp; EQUIPMENT PROJECTS</b>										
Replacement of Fleet and Operational Equipment	13,521	9,463	(4,058)		7,592	1,871		0	1,871	To be paid from 2019/20 budget
Respiratory Protective Equipment	2,300	0	(2,300)		0	0		0	0	
Early Replacement of ALP & HP	3,750	0	(3,750)		0	0		0	0	
CCTV on Pumping Appliances	369	34	(335)		106	(72)		(72)	0	Savings
Early Replacement of Fire Boat	1,000	0	(1,000)		0	0		0	0	
22mm Water Hose and Reel for Appliances	1,014	96	(918)		507	(411)		(411)	0	Savings
Portable Hygiene Units	0	0	0		91	(91)		0	(91)	C/fwd to 2019/20
Vehicle Security	1,333	45	(1,288)		47	(2)		(2)	0	Savings
<b>FLEET &amp; EQUIPMENT PROJECTS</b>	<b>23,287</b>	<b>9,638</b>	<b>(13,649)</b>		<b>8,343</b>	<b>1,295</b>		<b>(485)</b>	<b>1,780</b>	
Projected Underspend	-6,686	0	6,686		0	0		0	0	
Disposal Fees	0	147	147		0	147		147	0	New budget
<b>CAPITAL EXPENDITURE TOTAL</b>	<b>41,265</b>	<b>13,432</b>	<b>(27,833)</b>		<b>12,058</b>	<b>1,374</b>		<b>(888)</b>	<b>2,262</b>	

## 2018/19 Capital Programme

## Appendix 3

FUTURE CAPITAL PROGRAMME 2019/20 BUDGET 2018/19 Outturn Report	2019/20 Capital Strategy LFC - 0134	2018/19 Outturn Slippage	New Projects/ Savings/ Slippage	2019/20 Revised Budget		2020/21 Budget	2021/22 Budget	2022/23 Budget	Previous Years Spend	Total Projected Spend	Approved Budget
	£'000s	£'000s	£'000s	£'000s		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>ICT Projects</b>											
Records Management Operating System	98	0	0	98		0	0	0	2,091	2,189	2,350
Business Intelligent Solution	454	0	0	454		360	465	0	531	1,810	1,810
Control & Mobilisation System (CAMS)	100	0	0	100		100	0	2,800	9,013	9,213	10,650
Mobile Data Terminals Replacement	71	0	0	71		0	0	1,486	2,029	2,100	2,100
Fireground Radios	1,800	0	0	1,800		0	0	0	0	1,800	Q4 18-19
ICT – Virtual Desktop Technology (Citrix)	235	15	0	250		0	0	0	0	250	TBA
New telephone system equipment	150	0	0	150		0	0	0	164	307	157
Netscaler Replacement	200	0	0	200		0	0	0	0	200	TBA
Wireless Access Points	853	0	0	853		0	0	0	0	853	TBA
New ISP	0	0	0	0		500	0	0	0	500	TBA
New WAN	0	0	0	0		500	0	0	0	500	TBA
VM Server Environment Hosts	0	0	0	0		500	0	0	0	500	TBA
Replacement of laptops	0	0	0	0		563	0	0	0	563	TBA
New computer terminals - Thin Client	0	0	0	0		0	1,150	0	0	1,150	TBA
New audio visual equip for Stations	0	0	0	0		100	0	0	0	100	TBA
New computer terminals - Fat Client	100	0	0	100		0	0	0	0	100	TBA
Audio Equipment for Union St	0	0	0	0		0	220	0	0	220	TBA
Data transfer system for Joint Emergency Services Interoperability Programme	120	75	0	195		0	0	0	71	266	266
Business Management System (PMF)	215	0	0	215		0	0	0	0	215	TBA
Farynor Replacement (linked to Home Fire Safety)	100	0	0	100		450	200	0	0	750	£100k fees
Home Fire Safety Database	0	0	0	0		70	60	0		0	TBA

# 2018/19 Capital Programme

# Appendix 3

FUTURE CAPITAL PROGRAMME 2019/20 BUDGET 2018/19 Outturn Report	2019/20 Capital Strategy LFC - 0134	2018/19 Outturn Slippage	New Projects/ Savings/ Slippage	2019/20 Revised Budget		2020/21 Budget	2021/22 Budget	2022/23 Budget	Previous Years Spend	Total Projected Spend	Approved Budget
	£'000s	£'000s	£'000s	£'000s		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
New Finance System	100	0	0	100		586	1,080	453	0	1,766	TBA
New HR System	100	0	0	100		624	0	0	0	724	TBA
New Payroll System	100	0	0	100		231	0	0	0	331	TBA
<b>ICT PROJECTS</b>	<b>4,796</b>	<b>90</b>	<b>0</b>	<b>4,886</b>		<b>4,584</b>	<b>3,175</b>	<b>4,739</b>	<b>13,969</b>		
<b>ESTATE PROJECTS</b>											
Fire Station Refurbishment (Middx FS)	0	0	0	0		0	0	0	0	0	N/A
Workplace Improvement Plan (WIP) Union Street	60	0	0	60		0	0	0	106	167	240
Plumstead Fire Station Redevelopment	100	0	0	100		2500	2500	350	0	5,100	TBA
LFB Museum – Fit out	30	0	0	30		0	1,200	1,152	18	1,248	2,400
Refurbishment of Edmonton Fire Station	0	0	0	0		0	300	1,500	0	300	TBA
Heating at various stations	1,634	0	0	1,634		895	50	925	n/a	n/a	n/a
Window replacement at various stations	215	0	0	215		360	50	540	n/a	n/a	n/a
Rewiring of property at various fire stations	575	23	0	598		275	25	300	n/a	n/a	n/a
Minor Improvement Programme	2,164	0	0	1,660		2,081	2,040	1,496	n/a	n/a	n/a
Roof Replacements	624	0	0	624		740	60	680	n/a	n/a	n/a
Appliance Bay Doors (Phase 3)	981	21	0	1,002		414	0	400	n/a	n/a	n/a
Brigade wide Survey for Asbestos & Removal	50	0	0	50		50	50	50	n/a	n/a	n/a
Fire Safety Works at Fire Stations	0	0	0	0		0	0	0	n/a	n/a	n/a
Forecourts/Rear yards Refurbishment	0	0	0	0		0	0	0	n/a	n/a	n/a
West Hampstead Cottages Refurb (FEP2776)	705	(42)	0	663		0	0	0	57	720	720
Improve Security at all Fire Stations, Offices & HQ	100	0	(100)	0		1,350	1,255	0	0	2,605	TBA
New Training Centre *	300	81	0	381		1,800	6,300	5,853	365	8,846	15,500

# 2018/19 Capital Programme

# Appendix 3

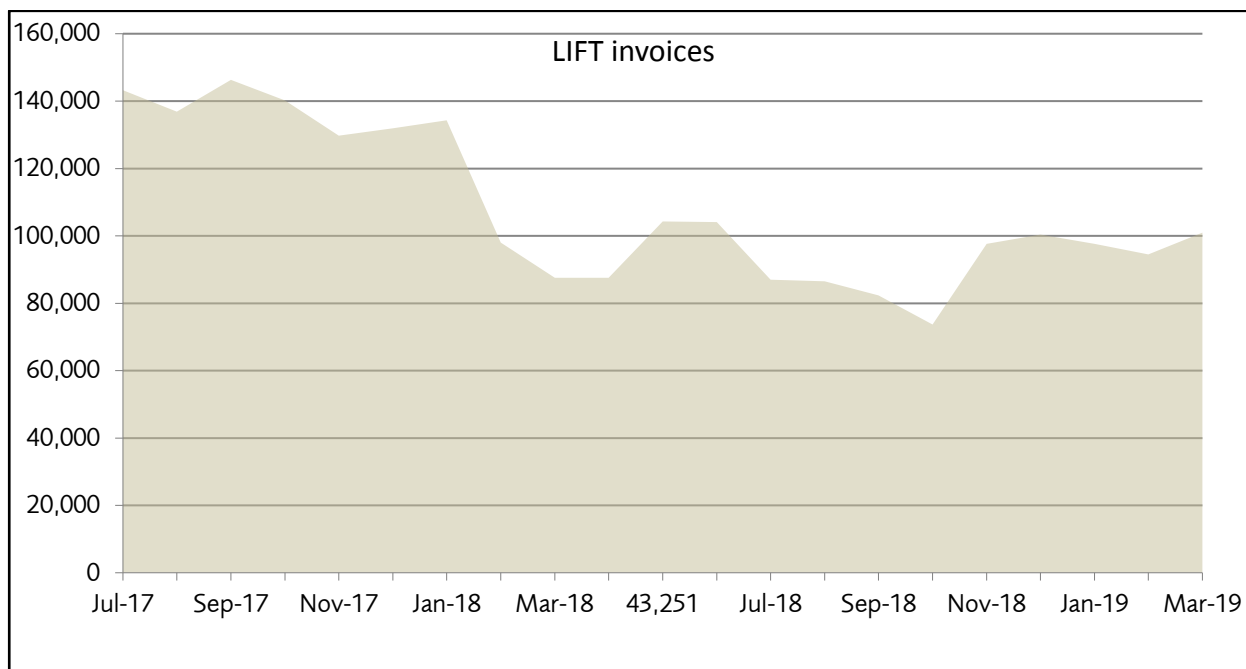
FUTURE CAPITAL PROGRAMME 2019/20 BUDGET 2018/19 Outturn Report	2019/20 Capital Strategy LFC - 0134	2018/19 Outturn Slippage	New Projects/ Savings/ Slippage	2019/20 Revised Budget		2020/21 Budget	2021/22 Budget	2022/23 Budget	Previous Years Spend	Total Projected Spend	Approved Budget
	£'000s	£'000s	£'000s	£'000s		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Operations Support Centre Project (IELP)	3,196	(116)	900	3,980		0	0	0	342	4,322	4,322
Lambeth River Station Redevelopment	0	0	100	100		1,000	1,200	0	0	1,100	TBA
Union Street Air Conditioning	0	0	0	0		0	0	0	0	0	TBA
Development costs	0	0	0	0		0	0	0	n/a	n/a	n/a
<b>ESTATE PROJECTS</b>	<b>10,734</b>	<b>(33)</b>	<b>900</b>	<b>11,601</b>		<b>11,465</b>	<b>15,030</b>	<b>13,246</b>			
<b>FLEET &amp; EQUIPMENT PROJECTS</b>											
Replacement of Fleet and Operational Equipment	20,094	(1,871)	(512)	17,711		12,766	8,346	2,276	19,979	61,371	TBA
Respiratory Protective Equipment (BARRIE)	2,300	0	0	2,300		0	0	0	0	2,300	TBA
Breathing Apparatus (Standard duration)	0	0	0	0		5,000	0	0	0	5,000	TBA
Early Replacement of ALP & HP*	1,800	0	0	1,800		3480	0	0	0	5,280	5,280
CCTV on Pumping Appliances *	100	(1)	0	99		0	0	0	137	236	501
Early Replacement of Fire Boat*	500	0	0	500		1,750	250	0	56	2,556	2,500
22mm Water Hose and Reel for Appliances *	507	(507)	0	0		0	0	0	578	578	1,500
Vehicle Security *	45	(45)	0	0		0	0	0	81	81	1,389
Portable Hygiene Units	0	91	0	91		0	0	0	0	91	91
<b>FLEET &amp; EQUIPMENT PROJECTS</b>	<b>25,346</b>	<b>(2,333)</b>	<b>(512)</b>	<b>22,501</b>		<b>22,996</b>	<b>8,596</b>	<b>2,276</b>	<b>11,490</b>	<b>75,008</b>	<b>11,261</b>
Projected Underspend	0	0	0	0		0	0		0	0	n/a
<b>CAPITAL EXPENDITURE TOTAL</b>	<b>40,876</b>	<b>(2,780)</b>	<b>388</b>	<b>38,988</b>		<b>39,045</b>	<b>26,801</b>	<b>20,261</b>			

### 1. Risks to Capital Expenditure and Financing

- 1.1. The capital programme is regularly reviewed and the associated risks to the programme are assessed throughout the year. Some risks are generic such as contractor default whilst other risks are specific to individual projects. Mitigating actions are adopted to reduce the risk occurring and to limit the impact of the risk, should it occur.
- 1.2. The capital budget is subject to change during the year. Initial project specification is key as it is important to keep variations to projects to a minimum, as change once a project has been agreed and commenced may result in additional costs. However even a well managed project can be subject to **re-phasing or deferral** due to a number of unforeseen issues, such as failure or default on the part of the contractor or exceptionally adverse weather conditions. This can also impact on funding requirements which in turn may have a debt charge (cost of borrowing) revenue impact.
- 1.3. All capital projects will require **third party collaboration** to varying degrees over the project life. The programme depends heavily on external factors and therefore can be subject to variation with the potential for delays in project delivery and revised cash flow requirements. The capital programme is managed on a monthly basis and is reported quarterly to the CAPS group (Capital, Approval, Planning and Strategy Group, chaired by the Director of Corporate Services) where all changes to the programme are reviewed and substitution projects or re-financing proposals are assessed and agreed.
- 1.4. The debt charges arising from the capital programme have been calculated using the current forecast Public Works Loans Board (PWLB) rates. No allowance has been made in the capital programme for potential future **capital grants or contributions** and the Brigade will bid for available capital resources as and when such opportunities arise.
- 1.5. The 2019/20 capital programme includes the sale of the former fire station at **Clerkenwell**. If this sale is delayed, it will impact on the financing of the capital programme and will result in additional borrowing and revenue costs than that currently envisaged. The level of required borrowing will be dependant on the timing of the capital receipts and the level of actual capital expenditure incurred during the year.
- 1.6. The **LFB Training Centre** project has a dependency on PEG moving out of Croydon and any delay to the Operations Support Centre Project may have a knock on effect on the delivery of the Training Centre programme. The scope of the project has been reviewed and value engineering work completed to reduce the delivery cost to within budget. Work is underway to appoint a new design team with plans to tender the works in October 2019, with a potential start date for works in March 2020.
- 1.7. Following a successful tender for the **Operations Support Centre**, the works have been awarded and works are underway. The risk of further budget slippage has reduced and the forecast capital budget is expected to be achieved
- 1.8. Plans are being expedited to refurbish the existing listed fire station at **Plumstead**, potentially with an extension. This has now reduced the uncertainty to the forecast spend for this project. A feasibility to develop the site is underway and will be completed by June 2019.
- 1.9. **Edmonton Fire Station** – A feasibility is being undertaken to look at potential options to demolish or refurbish the existing premises. A risk to the project is the recent local listing by the London Borough of Croydon without consultation with the LFC, this is currently being challenged.

- 1.10. The business case for the project to **Improve Security at Fire Stations** needs to be re-validated. This may result in the project being removed from the programme, or in delays to delivering this project.
- 1.11. A number of fire stations require major refurbishment/redevelopment which are not currently in the medium term capital programme. Should opportunities arise to relocate these fire stations funding may need to be requested/re-directed from other projects if deemed a priority.
- 1.12. **Farynor and Home Fire Safety Database** - Delays could occur in the delivery of the Farynor and Home Fire Safety Database projects as it has been considered prudent to consider the outcome of the independent Review of Building Regulations and Fire Safety being led by Dame Judith Hackett. The review has made recommendations that will ensure that there is sufficient robust regulatory system for the future. The report has now been published (17th May 2018) and due consideration is being given to the findings which will impact the final specification of these two projects. Accordingly, the exact time frame for these projects are uncertain at present.
- 1.13. **Control and Mobilising Solution (CAMS)** - The Brigade successfully cutover to the Replacement Mobilising Solution (VISION4 mobilising system & DS3000 ICCS) as planned on 17 November 2015. The legacy systems were decommissioned in January 2016 and there are a number of other work streams within the project that are still to be delivered. Update releases have been scheduled through 2018 and 2019 for this outstanding functionality. The status of this project is Blue as reported in FEP2782.
- 1.14. **Modernisation of LFB Applications** - Estimates have been provided for long term capital strategy for the replacement of a number of key line of Business Applications. These estimates were based on the expected life of the deployed systems. However, these sums have not been included in the published strategy as the values are somewhat uncertain given the changing nature of the ICT environment its evolution, the emergence of new technologies and ways of working.
- 1.15. **Replacement vehicles and equipment** - Key risks relate to the contractor sourcing appropriate vehicle build options within a timeframe that meets fleet replacement requirements and which may in turn impact the LFC's cash flow. The forecast cash expenditure for 2019/20 and future years is based on the current assessment of the stage payment requirements for the pump replacement and aerial appliance replacement programme, which represents nearly 50% of the forecast Vehicles and Equipment expenditure in that period, and the delivery timings for the balance of the fleet replacement programme. In addition, the impact of **Brexit** could significantly affect the future replacement costs for a number of fleet items.

The chart below shows the amount of outstanding LIFT debts over the last 18 months, with £101k outstanding at the end of March 2019. Although the graph shows a recent increase in outstanding debt, the overall trend over recent years has been downward.



The table below shows the top five (worst) outstanding debtors for LIFT income.

	£ outstanding	Average Age in days	No of invoices
AFFINITY SUTTON	5,594	170	14
PEABODY TRUST	4,745	272	12
NOTTING HILL GENESISI	4,596	596	12
SAINSBURYS SUPERMARKETS LTD	4,378	181	11
PERSIMMON PLC	4,315	580	11
<b>Grand Total</b>	<b>23,628</b>	<b>353</b>	<b>60</b>

## Review of the top five debtors

### **Affinity Sutton:**

A final reminder letter has been sent to Affinity Sutton and the debts are currently in the process of being referred to General Counsel.

### **Peabody Trust:**

A final reminder letter has been sent to Peabody trust and the debts are currently in the process of being referred to General Counsel.

### **Notting Hill Genesis:**

Payment is now expected following recovery action. It is envisaged that the above debts for Notting Hill Genesis will be cleared.

### **Sainsburys Supermarkets Ltd:**

Following final reminder letter, invoices remain unpaid and the debts are currently in the process of being referred to General Counsel. There have also been issues around whether charges were to be made directly to stores or Sainsbury's head office.

### **Persimmon PLC**

Outstanding debts for Persimmon PLC have been referred to General Counsel for recovery action.

**Financial Regulation 9:**

*"(b) With the agreement of the Director of Corporate Services, a Head of Service may transfer up to £50,000 from a budget head within that department's approved budget to a budget head within another department's approved budget, but if those budget heads are in different Directorates the agreement of the appropriate Director or Commissioner is also required.*

*(c) With the agreement of the Director of Corporate Services, Directors may transfer up to £150,000 from a budget head within that department's approved budget to a budget head within another department's approved budget.*

*(e) The Director of Corporate Services shall report all transfers under (b) and (c) to the Commissioner as part of the quarterly Financial Position reports."*

There were two transfers under this delegated authority in Q4 of 2018/19, detailed below.

Department (Directorate) from	Department (Directorate) to	Amount transferred	Reason for transfer
Training and Development (Safety and Assurance)	Procurement (Corporate Services)	£47,817	A temporary arrangement for Babcock Training to have three additional training appliances, which is funded from the Training contract, but paid for through the Vehicles contract in Procurement.
Operational Policy and Assurance (Safety and Assurance)	Fire Stations (Operations)	£147,878	Income received from Lancashire FRS for mutual assistance deployment in 2018 will be used to fund the additional station personnel cost incurred.

## Summary of changes from Q3 forecast

Outturn	2018/19	2019/20	2020/21	2021/22
Capital	0	600,000	5,963,000	0
Revenue	4,105,521	5,241,894	5,181,394	5,409,894
Reserve Funded	1,233,705	562,000	0	0
Total	5,339,226	6,403,894	11,144,394	5,409,894
<b>Forecast Spend in Q3</b>				
Capital	0	600,000	5,963,000	0
Revenue	4,196,494	4,936,894	5,181,394	5,409,894
Reserve Funded	1,011,598	948,000	0	0
Total	5,208,092	6,484,894	11,144,394	5,409,894
<b>Movement from previous</b>	<b>131,134</b>	<b>(81,000)</b>	<b>0</b>	<b>0</b>
<b>Items that have changed</b>				
R2 – USAR items	0	55,000	0	0
R6 - Investigation Team	(195,942)	300,000	0	0
R7 - Legal Costs	602,486	0	0	0
R9 - Fire Safety Resources	(275,410)	0	0	0
R12 - Training	0	(436,000)	0	0
Total Movement	131,134	(81,000)	0	0

## Key Movements from Quarter 3

R3 – additional cost now forecast on purchasing half masks for USAR teams. This will be funded from reserves in 2019/20.

R6 – Largely due to vacancies, the investigation team has underspent by £196k in 2018/19. The forecast cost for 2019/20 is expected to be similar to 2018/19, and so has increased to £1.8m. This will be funded from the additional resilience reserve.

R7 – Legal Costs for 18/19 are £602k higher than previously expected. An invoice has been submitted to the brigades insurer to cover the additional costs incurred above the excess and this is expected to be recovered in 2019/20.

R9 – 33 posts out of the planned 41 Fire Safety officers have now been filled, but due to recruitment occurring later in the year spend has reduced from the previous forecast. All posts are expected to be filled by July 2019.

R12 – The last report included £608k of one off funding from reserves for training costs in 2019/20. This has now been revised down to £172k.

## Additional Resilience Requirements

## Appendix 7

Ref	Department	Expenditure Item	Actual Spend in 2017/18 £	Actual Spend in 2018/19 £	Forecast Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
C1	Procurement/ Technical & Service Support	<p><b>Extended Height Aerial Appliances x3</b></p> <p>Aerial appliances are used for a range of tasks at incidents which include providing a means of escape for firefighters working inside a building, as water towers, lighting and observation platforms and rescues, as just several examples. Greater height ladders have now become available on a similar size chassis to the Brigade's current fleet that could be effectively utilised at certain incidents within London. As part of the Brigade's existing plan to upgrade its aerial appliance fleet as announced in March, there is a benefit to procuring such vehicles at this time.</p> <p>LFB have provided our vehicles and equipment contractor "Babcock" with a detailed output based specification (OBS) for three extended height aerial appliances to complement the twelve standard height aerial appliances which will be ordered at the same time.</p> <p>Babcock went out to the market to invite tenders for the supply of all of the new aerial appliances, this is to include the supply of both standard and extended range appliances as a single contract. The window to accept tender proposals has closed and the evaluation process of the received tender proposals has now commenced.</p> <p>The tender evaluation process should allow for a contract to be drawn up with the successful bidder and the expectation will then be to see delivery of the new aerial appliances occurring between mid 2019 to early 2020.</p>	0	0	600,000	3,150,000	0
C2	Procurement/ Technical & Service Support	<p><b>Drones</b></p> <p>Drones provide an alternative option to requests for the support of police helicopters which is an extremely expensive option, is not always available, is not within our direct control and for some uses is not as effective as drones might be.</p> <p>Drone pilot training (x6) has been completed. PDA's for drone mobilisation have been identified and agreed with Brigade Control.</p>	0	0	0	0	0

## Additional Resilience Requirements

## Appendix 7

Ref	Department	Expenditure Item	Actual Spend in 2017/18 £	Actual Spend in 2018/19 £	Forecast Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
C3	Procurement/ Technical & Service Support	<p><b>Extended Duration Breathing Apparatus Sets</b> LFB Standard Duration BA has a working duration of 31 minutes. Extended Duration BA has a working duration of 45 minutes.</p> <p>A 'Prior information notice' has been sent out via the emergency services blue light portal letting the market know of our intention to replace our Respiratory Protective Equipment provision which includes both standard duration and extended duration breathing apparatus and inviting manufacturers to record an expression of interest. 6 companies registered their interest and preliminary meetings to outline our timescales and the outline of our requirements have been completed.</p> <p>We are continuing to research the market by meeting suppliers. This will be followed by the Project Initiation Document (PID) with the user requirement projected to be sent out to suppliers. Stakeholders for the working group are currently being identified and the first meeting of this group will be convened when we have a working draft of the PID. In the interim we are reviewing how we can deliver our current EDBA provision to incidents at an earlier stage via both Fire Rescue Units and EDBA support pumps as well as the Operational Support Units.</p>	0	0	0	2,813,000	0
R1	Multiple Departments	<b>Ongoing Maintenance for Capital Items above</b>	0	4,000	79,000	460,500	767,000
R2	Operational Policy	<p><b>Improved USAR Kit</b></p> <p><b>USAR specific drones:</b> To map the area and conduct localised or wide area search/casualty search. Can also enter danger areas and structures to minimise risk to crews.</p> <p>Drone pilot training (x6) has been completed. PDA's for drone mobilisation have been identified and agreed with Brigade Control. Arrangements are being finalised for the commencement of the drone trial, which started in October 2018.</p>	0	18,600	220,000	20,000	20,000

## Additional Resilience Requirements

## Appendix 7

Ref	Department	Expenditure Item	Actual Spend in 2017/18 £	Actual Spend in 2018/19 £	Forecast Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
		<p><b>WASPs:</b> Early Warning safety device for structural stability. Can also be used for Trench rescue and confined space working.</p> <p>Two units are currently on trial, available on request. These can be mobilised to an incident by the duty RSO. This unit will form part of the inventory on the next generation FRU.</p> <p><b>Pop-Up Tents:</b> To provide welfare/shelter for crews/command team in both inclement or sunny weather.</p> <p>Officers are carrying out an assessment of whether this equipment is required.</p> <p><b>Half Masks:</b> For crew welfare over long periods of use compared to full face, which can cause crews to overheat.</p> <p>80 USAR personnel have been fitted for half face respirators. This will form part of the personal PPE issue when resources allow the completion of face fitting for the remaining staff.</p>					
R3	Operational Policy	<p><b>Wicking T-Shirts</b></p> <p>A shirt which has the ability to breathe and keep the user's skin dry from sweat. The initial cost is based on estimate of £10 per shirt and allocation of five each for all firefighter and crew manager roles.</p> <p>An appropriate wicking t-shirt has been identified and staff group entitlement now agreed.</p>	0	15,000	195,000	57,000	57,000
R4	People Services	<p><b>Additional resources - Counselling and Wellbeing Team</b></p> <p>Changes in the nature of the Brigade's work have increased the workload of the C&amp;W Team. The unprecedented nature of the Grenfell Tower fire has increased workloads on a significant and sustained basis. In addition to supporting colleagues who were impacted by the fire in the immediate aftermath, the team are supporting the collection of witness statements by the police and will be required to support</p>	68,836	244,894	244,894	244,894	244,894

## Additional Resilience Requirements

## Appendix 7

Ref	Department	Expenditure Item	Actual Spend in 2017/18 £	Actual Spend in 2018/19 £	Forecast Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
		<p>individuals for months and years to come, up to and including the Public Inquiry.</p> <p>Four additional Counsellor posts (FRS E) are now in place.</p> <p>Also, to operate effectively the expanded C&amp;W team requires administrative support. A FRS B post to support the team and maintain critical and confidential records is now in place.</p>					
R5	Fire Stations	<p><b>Increase in officer levels</b></p> <p>An increase in the Deputy Assistant Commissioner (DAC) establishment from 12 to 16 is required to provide greater resilience within the operational top management group. DACs provide strategic support at incidents that require eight or more fire engines. They are also integral to the Brigade's wider strategic response arrangements including to Major Incidents. The additional posts will support the ongoing day to day resilience within existing departments and provide the necessary level of managerial responsibility to the Brigade's Grenfell Investigation Team.</p> <p>Four additional DAC posts are now in place.</p>	238,500	424,000	424,000	424,000	424,000
R6	Commissioner's & Directors'	<p><b>Costs of the Investigation Team</b></p> <p>The establishment of this team was set out in the report on the Grenfell Tower Inquiry – Proposed Terms of Reference (FEP 2747). The team is now in place to support work on the investigation. The number and make of the establishment is changing to meet organisational need, and now the public enquiry is under way. Additional equipment has been provided, for example to allow the review of CCTV footage.</p>	705,506	1,854,058	1,800,000	858,000	858,000
R7	General Counsel	<p><b>Grenfell - Legal Support (External Legal Advisors)</b></p> <p>The Grenfell fire has led to the instigation of a Public Inquiry of which the Authority is expected to be a core participant. Additionally, a parallel criminal investigation into the fire is being carried out by the Metropolitan Police with support from the Authority and HSE. The Authority may be required to play an extensive role in each. This</p>	600,288	1,984,084	233,000	78,000	0

## Additional Resilience Requirements

## Appendix 7

Ref	Department	Expenditure Item	Actual Spend in 2017/18 £	Actual Spend in 2018/19 £	Forecast Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
		<p>growth bid is twofold. Firstly, the costs in backfilling posts of staff required to work on the Grenfell Tower case and secondly for external legal advice and representation. Secondly, this growth bid relates to the requirement of a dedicated IT solution to enable effective management of the review and disclosure of documents for the purpose of disclosure in the legal proceedings noted above.</p> <p>The 2018/19 forecast has decreased significantly from the previous update primarily due to updated forecast on likely costs of Junior Counsel. Forecasts for future years remain the same.</p>					
R8	Fire Stations	<p><b>Overtime Support for Specialist Teams</b></p> <p>This is based on a 30 per cent increase in operational overtime at FRU and FRU/USAR Stations alongside overtime costs for Regulatory Fire Safety in relation to cladding inspections. For Fire Safety, the one off costs cover additional inspections in June and July 2017.</p>	0	103,000	103,000	103,000	103,000
R9	Fire Safety	<p><b>Fire Safety resources to support and enhance the inspection programme</b></p> <p>The ongoing costs are for an additional resources to support the inspection programme.</p> <p>Recruitment process is currently under way.</p>	0	224,590	1,500,000	1,500,000	1,500,000
R10	Legal & Democratic Services	<p><b>Review of staff support for Chair</b></p> <p>This was to consider whether additional support is required for the Deputy Mayor for Fire and Rescue</p> <p>This is no longer required, and the budget has been removed.</p>	0	0	0	0	0
R11	Fire Stations	<p><b>Potential cost of increased sickness</b></p> <p>It is anticipated that the aftermath of recent incidents will see an increase in sickness rates for operational staff, in particular. This sets out the overtime cost that will be expected to be incurred in covering the resulting gaps.</p>	371,000	371,000	371,000	371,000	371,000
R12	Development	<b>Training</b>	0	7,000	609,000	437,000	437,000

## Additional Resilience Requirements

## Appendix 7

Ref	Department	Expenditure Item	Actual Spend in 2017/18 £	Actual Spend in 2018/19 £	Forecast Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
	and Training	<p>This includes additional training requirements for:</p> <ul style="list-style-type: none"> <li>• Extended Height Appliances</li> <li>• Drone Piloting</li> <li>• Extended Duration Breathing Apparatus Sets</li> <li>• Improved USAR Kit</li> <li>• Smoke Evacuation Hoods</li> </ul> <p>This also includes ongoing EDBA training Requirements</p> <p>The spend for 2018/19 for drones training, with £5k for training already delivered.</p>					
R13	Finance Services	<p><b>Additional Borrowing Costs</b></p> <p>Items funded through the capital programme will increase the overall level of external borrowing required over the current four year planning period and increase capital financing costs by an estimated £842k per annum.</p>	0	0	0	608,000	608,000
R14	Operational Policy	<p><b>Improved Communications for Breathing Apparatus</b></p> <p>A BA replacement project will shortly be underway to examine the next generation of BA and how this can be delivered to the LFB. Whilst telemetry is being identified as a consideration any additional communications requirements over an above the current (BARIE) sets can be included for consideration. Outline costs have yet to be determined.</p> <p>BA communications is now in scope of the Repertory Protective Equipment replacement project and the project is just starting. There are meetings with manufacturers scheduled through July to outline timescales. with the User requirement scheduled to go to suppliers by end of the calendar year.</p>	0	0	0	0	0
R15	Operational Policy	<p><b>Fire Escape Hoods</b></p> <p>This budget will be used to explore the viability of the purchase of smoke hoods for all front line appliances and is for the equipment costs only and does not include any additional staffing costs that may be</p>	0	89,000	20,000	20,000	20,000

## Additional Resilience Requirements

## Appendix 7

Ref	Department	Expenditure Item	Actual Spend in 2017/18 £	Actual Spend in 2018/19 £	Forecast Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
		associated with getting this project up and running.					
<b>Total additional resilience requirements</b>			<b>1,984,130</b>	<b>5,339,226</b>	<b>6,398,894</b>	<b>11,144,394</b>	<b>5,409,894</b>

## Financial Element on Performance

## Appendix 8

LFC Revenue (£000s)	Budget	Draft Outturn	Variance
Operational staff	241,115	239,924	(1,191)
Other staff	55,994	54,611	(1,384)
Employee related	23,890	24,764	874
Pensions	20,445	20,493	48
Premises	37,864	37,362	(502)
Transport	16,329	15,449	(880)
Supplies	29,230	30,011	781
Third party	2,262	2,207	(55)
Capital financing	9,770	9,365	(405)
Contingency	215	0	(215)
Income	(39,043)	(40,434)	(1,391)
<b>Net revenue expenditure</b>	<b>398,073</b>	<b>393,752</b>	<b>(4,321)</b>
Use of reserves	16,749	17,398	649
<b>Financing Requirement</b>	<b>414,822</b>	<b>411,150</b>	<b>(3,673)</b>

Financed by:

Specific grants	(16,352)	(16,826)	(474)
GLA funding	(398,470)	(398,470)	0
<b>Net Financial Position</b>	<b>0</b>	<b>(4,146)</b>	<b>(4,146)</b>

LFC Capital (£000s)	Q3 Forecast	Draft Outturn	Movement
ICT Projects	647	582	(65)
Estate Projects	3,068	3,065	(3)
Fleet and Equipment Projects	8,343	9,638	1,295
Property Disposal Fees	0	147	147
<b>Total capital expenditure</b>	<b>12,058</b>	<b>13,432</b>	<b>1,374</b>

Financed by:

Capital Receipts	11,163	13,314	2,151
Grants	895	118	(777)
Borrowing	0	0	0
<b>Total</b>	<b>12,058</b>	<b>13,432</b>	<b>1,374</b>

### Revenue Position

The outturn position for 2018/19 on the revenue budget is an underspend of £4,146k (1.1%). This is subject to external audit, with final accounts to be approved for the London Fire Commissioner (LFC) and published by 31 July. The revenue outturn includes additional underspends of £1,642k since last reported at Quarter 3 (LFC - 0121), mainly due to:

- Additional income (£1,310k) due to additional rental income from a premium payment on the Grotto site at Southwark £455k, income from training courses ran by LFB £216k, interest receivable of £391k due to the receipt for the sale of Southwark fire station and a reduction in the provision outstanding debt of £547k, offset by a reduction in income from insurance companies (£325k) under the Metropolitan Fire Brigade (MFB) Act due to a refund to an insurance company for overpayment,
- A revised forecast on building maintenance (£462k) due a reduction in the forecast expenditure on maintenance contracts on a backlog of works aimed at improving the overall condition of the LFC estate.
- Professional Development (£446k) due to lower than expected spend against the training contract due to the way firefighter apprenticeship training costs and payments from the digital account are apportioned across financial years.
- A further increase to the underspend on property rates (£339k) following further successful appeals, in the fourth quarter.
- Additional underspend on vehicle passthroughs (£216k) due to delays to modification programmes and a lower forecast cost of accident repairs;
- Professional services (£229k) due to revised costs for prosecution cases and inquest matters and the Control and Mobilising (CAMS) contract due to service credits.

The above underspends are offset by an increase in spend on operational staff (£603k) following an updated forecast for pay awards, on telecommunications budgets (£566k) mainly as a result of the Home Office catching up with billing for FireLink charges and on hardware and software budgets (£120k) due to upgrades to software and IT systems.

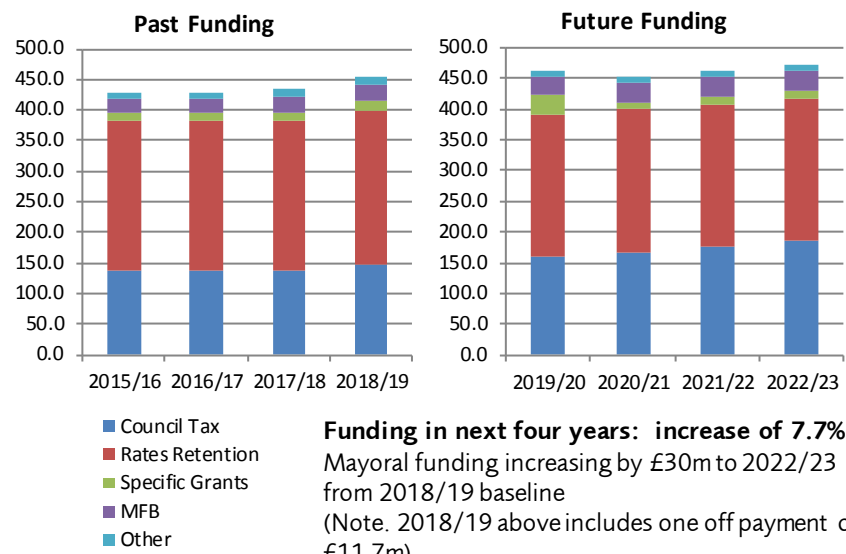
### Capital Position

The capital outturn for 2018/19 is £13,432k. This is an increase of £1,374k from the position reported as at the end of Quarter 3 of £12,058k (LFC-0121). This is due to budgets brought forward from 2019/20 and future years of £2,297k and new budgets of £147k, offset by budget re-phasing to 2019/20 of £425k and budget savings of £645k.

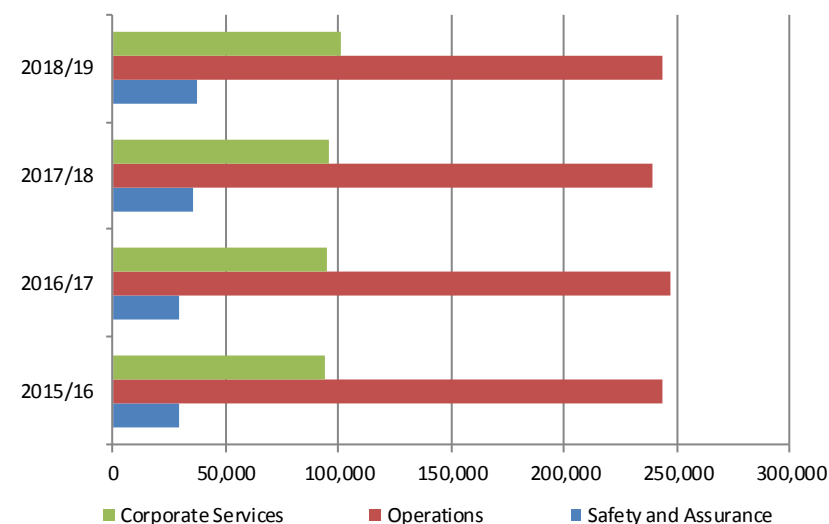
## Financial Element on Performance

## Appendix 8

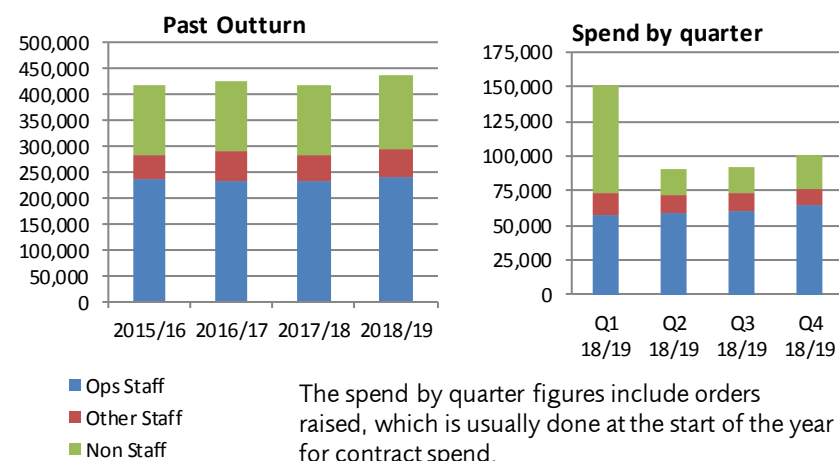
### Total Funding for LFC (£m)



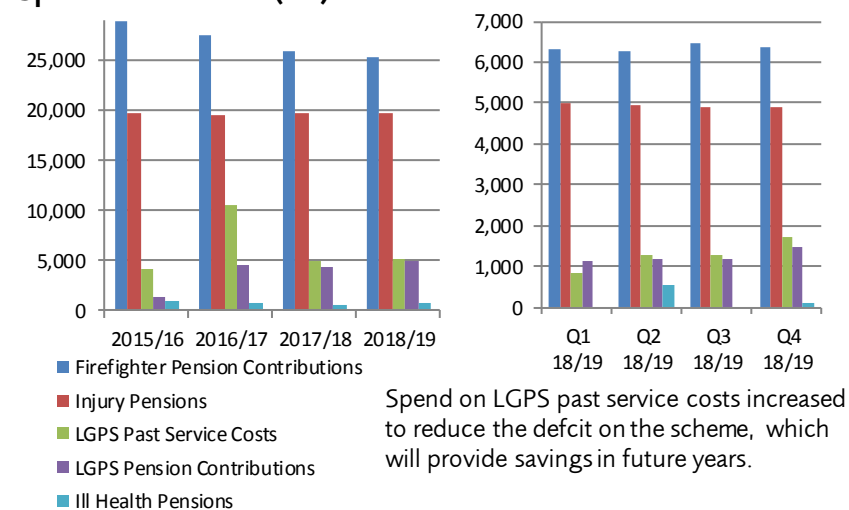
### Directorate Spend by Year (£k)



### Total Costs (£k)



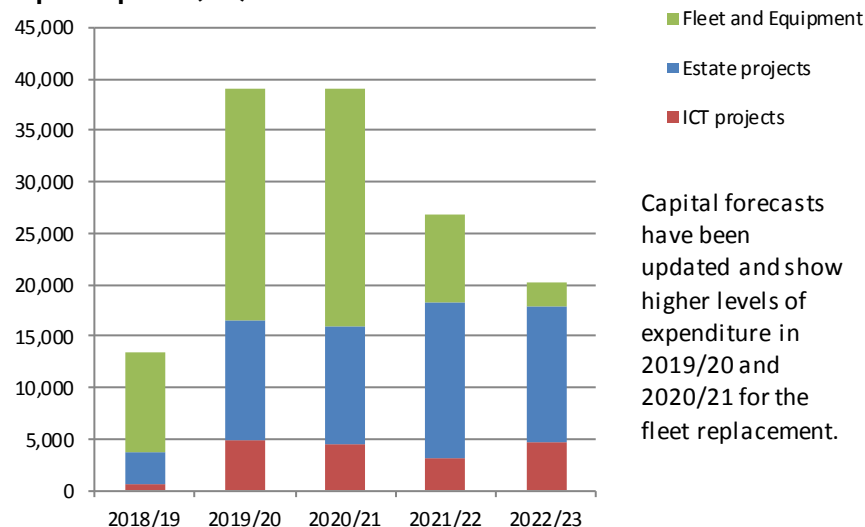
### Spend on Pensions (£k)



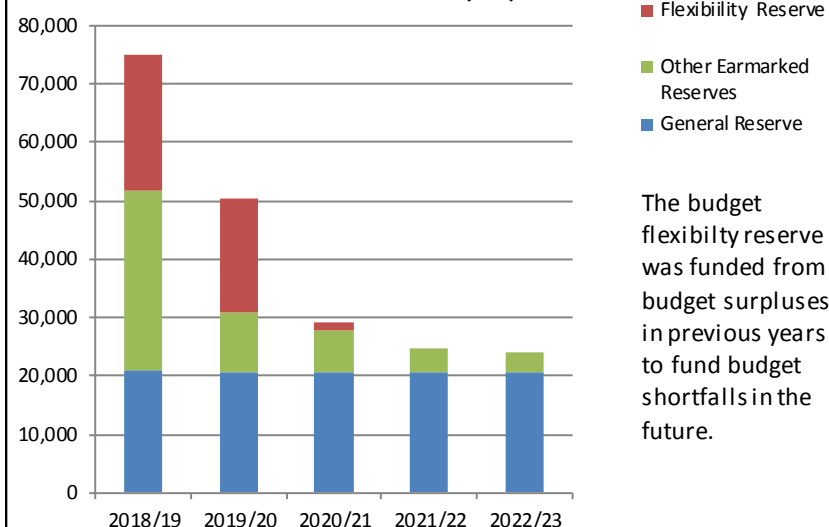
## Financial Element on Performance

## Appendix 8

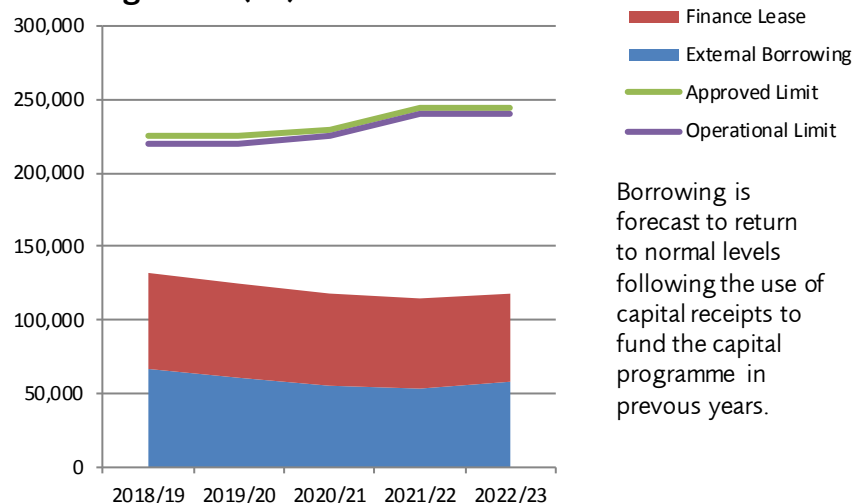
### Capital Spend (£k)



### Reserve Balance in Future Years (£k)



### Borrowing Levels (£k)



### Reserves

The value of the general reserve is to be maintained at a minimum of 3.5% of net revenue expenditure. The earmarked reserves are maintained for specific purposes, to smooth the impact of demand led expenditure or to meet the cost of significant one off expenditure. Balances were reviewed as part of the 2019/20 budget process and £6m returned to the general reserve.

Earmarked Reserves (£k)	18/19	19/20	20/21	21/22	22/23
Capital Expenditure Reserve	11,745	0	0	0	0
Compensation	1,000	750	500	250	0
ESMCP	2,273	2,071	1,745	0	0
Fire Safety and Youth	988	973	340	204	121
Hydrants	462	367	247	127	0
ICT Development Reserve	2,001	891	341	100	0
LFC Control Reserve	959	729	729	729	729
London Resilience	1,087	72	72	72	72
London Safety Plan Initiatives	4,254	3,218	2,366	2,366	2,366
Organisational Reviews	1,031	0	0	0	0
Vehicle & Equipment Reserve	3,108	822	478	257	76
Other Earmarked Reserves	1,880	140	70	0	0
<b>Total</b>	<b>30,788</b>	<b>10,033</b>	<b>6,888</b>	<b>4,105</b>	<b>3,363</b>