

Report title

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## Financial Position as at the end of September 2019

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Report to

Corporate Services DB  
Commissioner's Board  
Fire and Resilience Board

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Report by

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### Summary

This report presents the London Fire Commissioner's (LFC) financial position as at the end of September 2019 (Quarter 2) and provides information on financial performance against revenue and capital budgets.

### Recommendation

That the Commissioner's Board:

1. Note the financial position as at the end of September 2019 :
2. Approve the capital budget slippage of £1.0m to future years, re-profiling of £0.3m from the 2020/21 capital budget to 2019/20, budget savings of £0.1m and budget reductions of £0.2m;
3. Approve the reserve movements in Table 3; and
4. Approve that the principle that any corporate underspend, or overspend, be managed through the Budget Flexibility Reserve (BFR), with any excess balance of the general reserve be moved to the BFR at year.

### Background

1. This report presents the current revenue and capital expenditure position for September 2019 and the forecast outturn position at March 2020.
2. All departments review their actual income and expenditure on a regular basis, and provide an updated forecast of outturn and explanation of variances, against all their budgets, to the Finance Department. These returns then form the basis of reporting to the Corporate Services Directorate Board and to the Commissioner's Board and from there on to the Greater London Authority.

## Tables and Appendices to this report

3. A number of appendices provide additional detail on the financial position, as follows:

- Table 1 provides a summary of the financial position for the revenue budget;
- Table 2 provides changes to Capital Programme for 2019/20
- Table 3 provides the latest position on reserves;
- Appendix 1 provides additional detail on the forecast outturn financial position for the revenue budget;
- Appendix 2 contains the financial position for the capital budget;
- Appendix 3 shows the changes in the use of reserves from March Budget Report;
- Appendix 4 discuss the risks to the revenue and capital position that have not been quantified;
- 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).

## Background to 2019/20 Budget

4. The 2019/20 budget was approved by the London Fire Commissioner's (LFC) on 27 March 2019 (LFC-0133-D) with a net revenue budget of £392.3m, being made up of net expenditure of £447.3m with £23.9k funding from earmarked reserves and £31.1m from specific grants.
5. This report sets out a summary position on both the revenue and capital budgets, and then provides more detailed explanations of variances.

## Revenue

6. The forecast outturn position for 2019/20 on the revenue budget is for an underspend of £1,040k, which is (0.3%) of the net revenue budget. The forecast overspend at Quarter 1 of £1,325k has decreased by £2,365k since last reported in July 2019 (LFC-0204). The main reasons for this movement are explained below.
7. The key areas where there are reductions in the forecast expenditure are as follows:
  - Operational staff budgets, of £2,251k, mainly due to an increase in the leavers forecast which leads to average vacancies of 58 forecast for the year compared to average vacancies of 26 forecast at the end of June,
  - FRS staff budgets, of £832k, due to vacancies and challenges in recruiting, in particular to Fire Safety Inspecting Officer posts.
  - Capital financing costs of £400k due to a reduction in capital expenditure and increased use of capital receipts, following the sale of the Southwark Training Centre site.
  - Rents, of £127k, due to the surrender of the lease for the disaster recovery service at Woking, with the relocation of this function, and related IT equipment, to the Brigade's Stratford Fallback centre.
  - Travel, of £151k, mainly on reimbursement to staff for travel within the Ultra Lower Emission Zone (ULEZ) area being lower than budgeted with staff switching to other forms of travel to work, or using the loans scheme provided to purchase ULEZ compliant vehicles.

- Income over recovery, of £1,611k, due to additional Metropolitan Fire Brigade (MFB) Act Income from insurance companies of £453k due to higher than expected returns from existing insurance companies; interest income, of an additional £300k, due to cash balances being held at a higher level for longer than previously expected; and customer and client receipts, of £858k, mainly due to a revised forecast on income expected; and from insurers to reimburse the legal costs on the Grenfell Tower Investigation.
8. The above underspends are offset by other movements in the forecast outturn due to additional spend on the following items:
    - Professional services mainly on Grenfell Investigation legal costs, of £1,223k, offset by a revised forecast in income from the insurers reported above.
    - Professional development, of £651k, due to additional Firefighter Development training (FFD) as part of the move towards full establishment.
    - Building maintenance, of £622k, as a result of progress in delivering reactive work across the estate exceeding initial forecast.
    - Communications, of £371k, due to increasing capacity on the Core Network and improving internet connectivity.
    - Firefighter pensions, of £200k, mainly due an increased number of staff leaving under ill health retirement in 2019/20.
  9. As previously reported, the forecast outturn variance, now an underspend of £1,040k, also includes an underspend of £172k on property rates, due to an anticipated exemption being achieved at the new Operational Support Centre whilst the site is being fitted out; vehicle and equipment costs, of £136k, due to lower accident repair costs; offset by energy costs, of £473k, based on forecast increases of about 17% in the electricity contract from April 2019 and 20% forecast increase in gas based on notification received from the Crown Commercial Services; and other pensions payments, of £137k, based on expected cost of not abating pensions for some Fire Safety Inspecting Officers .
  10. The key variances are explained in more detail from paragraph 14 below.
  11. Detailed explanations on the changes to the capital programme set out from paragraph 33 and in Appendix 2.

**Table 1. Summary Financial Position**

	Current Budget	Current Spend	Current Variance	Revised Budget	Forecast Outturn	Forecast Outturn Variance	Forecast Outturn Variance at Qtr. 1	Movement between variance figures
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Operational staff	133,261	132,297	(964)	270,140	268,964	(1,175)	1,076	(2,251)
Other staff	28,524	29,404	880	59,762	58,909	(854)	(22)	(832)
Employee related	18,680	18,950	270	22,068	22,852	784	169	615
Pensions	10,479	10,472	(7)	20,769	20,969	200	0	200
Premises	24,783	24,413	(370)	39,641	40,691	1,051	506	544
Transport	17,097	16,135	(962)	18,041	17,768	(273)	(122)	(151)
Supplies and services	20,061	21,545	1,484	29,682	31,402	1,720	38	1,681
Third party payments	1,476	1,172	(303)	2,055	2,161	106	101	5
Capital financing costs	1,000	6,840	5,840	9,775	9,375	(400)	0	(400)
Central contingency against inflation	0	0	0	104	(19)	(122)	(32)	(91)
<b>Total revenue expenditure</b>	<b>255,361</b>	<b>261,228</b>	<b>5,867</b>	<b>472,037</b>	<b>473,073</b>	<b>1,036</b>	<b>1,716</b>	<b>(680)</b>
Other income	(34,735)	(34,314)	421	(40,446)	(42,448)	(2,002)	(390)	(1,612)
<b>Net revenue expenditure</b>	<b>220,626</b>	<b>226,914</b>	<b>6,288</b>	<b>431,591</b>	<b>430,625</b>	<b>(966)</b>	<b>1,325</b>	<b>(2,291)</b>
Use of earmarked reserves	0	0	0	(3,923)	(3,923)	(0)	0	(0)
<b>Financing Requirement</b>	<b>220,626</b>	<b>226,914</b>	<b>6,288</b>	<b>427,668</b>	<b>426,702</b>	<b>(966)</b>	<b>1,325</b>	<b>(2,291)</b>
Financed by:								
Specific grants	(30,912)	(26,105)	4,807	(35,363)	(35,438)	(75)	0	(75)
GLA funding	0	0	0	(392,305)	(392,305)	0	0	0
<b>Net Financial Position</b>	<b>189,714</b>	<b>200,809</b>	<b>11,094</b>	<b>0</b>	<b>(1,040)</b>	<b>(1,040)</b>	<b>1,325</b>	<b>(2,365)</b>

**Capital**

12. The current capital forecast for 2019/20 is £33,231k which is £5,757k less than the original budget of £38,988k (LFC-0179) and £1,034k less than the position reported at Quarter 1 of £34,265k (LFC-0204). The main changes in the programme are detailed below and a full explanation of the changes is provided in Appendix 2. Expenditure against the capital programme in 2019/20 will be fully funded through the use of capital receipts (£33.0m) and third party contributions (£0.2m).

13. Table 2 below shows the summary capital budgets for 2019/20 and the proposed budget changes for Quarter 2.

**Table 2. Changes to Capital Programme for 2019/20**

Capital Budget 2019/20	Budget at Quarter 1	Changes			Revised Budget at Quarter 2
		Savings	Re-phasing (to)/ from Later Years	Increased/ (Reduced) Budget	
ICT	2,911	(127)	0	(215)	2,569
Fleet	20,359	0	(267)	0	20,092
Property	9,956	0	(425)	0	9,531
Training Centre	1,039	0	0	0	1,039
Disposal costs	0	0	0	0	0
<b>Capital Programme</b>	<b>34,265</b>	<b>(127)</b>	<b>(692)</b>	<b>(215)</b>	<b>33,231</b>

## Reasons for the Revenue Position

### Staff

14. The budget for operational staff is forecast to underspend by £1,401k (0.5% of the Operational Staff budget) mainly due to an increase in the leaver forecast which leads to average vacancies of 58, compared to an average of 26 vacancies forecast at the end of June. As previously reported at Quarter 1, the revised forecast underspend includes the impact of an agreed backdated London Weighting claim (£2,822k) of 4.6% from July 2017 and 3.4% from July 2018 and an additional one off payment to consolidate London Weighting into basic pay. A 2% pay award has also been agreed from July for Operational and Control staff in line with budget estimates.
15. FRS staff budgets are forecast to underspend by £898k (1.7% of the FRS budget) mainly due to vacancies and in particular challenges in recruiting to Fire Safety Inspecting Officer posts. As previously reported, the FRS staff budget includes an additional £1m vacancy margin to reflect the level of vacancies at the start of the year. This is in addition to the normal annual vacancy margin of £0.9m, for a total margin in 2019/20 of £1.9m.
16. Control staff are forecast to overspend by £44k due to overtime to cover vacancies. As previously reported in Quarter 1, six additional Control Officer posts were added to the establishment from April, funded from reserves and a growth bid for this will be included as part of the LFC Budget Submission to the Mayor.

### Employee Related

17. There is an additional overspend on Employee related budgets of £784k mainly due additional firefighter development (FFD) training (£675k). This training has been taking place in order to reduce firefighter vacancies. The initiative to increase FFD training commenced in 2018/19, but some of the training has taken place in 2019/20. Specifically, these costs relate to additional FFD training that took place at the Fire Service College, as well as larger class sizes for the London-based training (the class size was temporarily increased from 12 to 14 delegates).
18. As previously reported at Quarter 1, there is an overspend of £137k on other pension payments based on the expected cost of not abating pensions for some Fire Safety Inspecting Officers, offset by a revised £94k underspend due to medical and welfare budgets, resulting from a lower forecast number of childcare claims, medical appeals and drug and alcohol tests in this financial year.

## **Firefighter Pensions**

19. Firefighter pensions budgets include expenditure on injury pensions, ill health top ups and sanction charges, and are forecast to overspend by £200k in 2019/20. The budget for ill health top up has been reduced significantly in recent years and is based on there being six ill health retirements, reflecting experience from the last few years. However, it is now forecast that there will be 17 ill health retirements in the current year, with 13 at the lower tier and four upper tier.

## **Premises**

20. Premises budgets are forecast to overspend by £1,051k, an increase in spend of £544k from the position reported at Quarter 1 due to £622k on building maintenance as a result of progress in delivering reactive work across the estate exceeding initial forecasts. This is offset by a £126k underspend on rents due to the surrender of the lease for the disaster recovery service at Woking and relocation of this function, including IT equipment, to the Brigade's Stratford centre.
21. As previously reported at Quarter 1, the remainder of the forecast overspend is due to energy costs of £473k based on forecast increases of about 17% in the electricity contract cost and a 20% forecast increase in gas based on notification received from the Crown Commercial Services. This increase will be addressed as part of the LFC's Budget Submission to the Mayor. This is offset by a £172k underspend on rates due to an anticipated exemption being achieved at the new OSU whilst the site is being fitted out, and new rateable value for Dockhead fire station (applicable from April 2017) being assessed at a lower value than forecast.

## **Transport**

22. Transport budgets are forecast to underspend by £273k, an increase in the underspend of £151k, which is mainly due to reimbursements to staff for travel within the Ultra Lower Emission Zone (ULEZ) area being lower than budgeted for because of staff switching to other forms of travel to work, taking up loans provided for staff to purchase ULEZ compliant vehicles.
23. As previously reported at Quarter 1, the remainder of the underspend relates to forecast on the vehicle and equipment contract of a revised £46k based on anticipated abatement levels, and on vehicle passthroughs, of £136k, due to lower accident repair costs, which is being considered as part of the budget process. This is offset by a revised £57k forecast overspend on running costs due to continued high diesel prices, with pump prices up 13% compared to the same period in 2017. Additional costs are also being incurred following the replacement of pumping appliances, with the new Euro 6 engines requiring Ad-Blue fluid to manage emissions.

## **Supplies and Services**

24. There is a forecast overspend, of £1,720k, on Supplies and Services budgets, which is an increase in the forecast spend of £1,681k from Quarter 1. The additional spend is mainly on Professional Service Legal Costs due to the Grenfell Tower Investigation (£1,233k), which is partly offset by additional forecast income from insurers. Spend on Communications has also increased (£370k) due to increased capacity on the Core Network, internet connectivity and increased maintenance cost due to the revised timetable for the replacement of the Fireground radios whilst the relationship to the requirements of the Respiratory Protective Equipment (RPE) project is being explored.

## **Income**

25. Income budgets are forecast to over recover by £2,002k. This includes additional customer and client receipts, of £1,661k, due to Metropolitan Fire Brigade (MFB) Act Income from insurance companies (£453k) following higher than expected returns from existing insurance companies;

interest income (£300k), as cash balances are being held at a higher level for longer than previously expected (these items have been reviewed as part of the budget setting process for 2020/21); and an over recovery on customer and client receipts (£858k) mainly due to revised forecast on income expected from the insurers to reimburse the Legal costs of the Grenfell Tower Investigation.

26. As previously reported, the remainder of the over recovery includes revised additional customer and client receipts of £369k as a result of Operational Resilience staff seconded to the Cabinet Office, Royal Borough of Kensington and Chelsea and Babcock, and additional training income for running smoke filled environment and National Inter-agency Liaison Officer (NILO) courses.

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

### Position on Reserves

28. Based on the forecast financial position, the forecast balance on the general reserve is £15,539k. This is £434k above the minimum general reserve position of £15,106k, which is 3.5% of revised net revenue expenditure for 2019/20. It is planned that any excess balance on the general reserve will be transferred to the Budget Flexibility Reserve, which has been set aside to support the budget position in future financial years, at the year end. Table 3 below sets out the position on the financial reserves

**Table 3. Position on Reserves**

£000s	Opening Balance at 01/04/19	Approved Movements in Q4 18/19	Approved Movement to Qtr.1	Transfer Between Reserves	Proposed Use of Reserves	Anticipated Balance at 31/03/20
Additional Resilience Requirements	767	68	(337)		124	622
Capital Expenditure Reserve	11,745					11,745
Central Programme Office	0	250	542		(45)	746
Community Safety Investment Fund	0	11	(11)			0
Compensation	1,000		(250)		(291)	459
Emergency Services Mobile Communication Programme	1,928	345	(99)			2,174
Emergency Medical Response	294					294
Fire Safety and Youth Engagement	715	273	42			1,031
HMICFRS inspection regime	21	65	(63)		(22)	0
Hydrants	462		(95)			367
ICT Development Reserve	1,851	150	(208)		100	1,893
LFC Control Centre	959		(209)	(21)		729
LFB Museum Project	210		(70)			140
London Resilience	1,015	38	(150)	(38)		865
London Safety Plan Initiatives	4,178	76	(499)		(56)	3,699
New Governance Arrangements	0	148		(148)		0
Organisational Reviews	505	316	(355)	(51)	(88)	327
Recruitment/ Outreach	370			(120)		250

£000s	Opening Balance at 01/04/19	Approved Movements in Q4 18/19	Approved Movement to Qtr.1	Transfer Between Reserves	Proposed Use of Reserves	Anticipated Balance at 31/03/20
Sustainability	235		(235)		235	235
Vehicle & Equipment Reserve	2,865	244	(1,965)	(187)	550	1,506
Budget Flexibility	23,110	7,287	(467)			29,930
General	23,204	(9,271)	(1,325)	566	2,366	15,539
<b>Total</b>	<b>75,434</b>	<b>0</b>	<b>(5,754)</b>	<b>0</b>	<b>2,872</b>	<b>72,552</b>

29. The reserves table above includes a transfer back into the Vehicle & Equipment reserve of £550k and the Sustainability reserve of £235k as costs are now expected to be incurred in 2020/21, £124k on Additional Resilience Requirements due to a reduction in forecast one off training costs and £100k on the ICT development reserve due to revised forecasts for spend on this budget. Following review of the remaining reserve balances, £566k has also been transferred back into the general reserve made up of:

- £187k from the Vehicle & Equipment reserve. This is the expected balance remaining after the completion of the chargepoints installation project.
- £148k from the New Governance reserve, £120k from the Outreach reserve and £38k from the London Resilience reserve for the flood response project as all these projects are now completed, and no further funding is required.
- £51k from the Organisational Review reserve as the funding for the training review has been contained within existing budgets.  
£21k from the Control reserve, as actual costs of temporarily increasing the Control establishment are slightly less than originally forecast.

30. As previously reported at Quarter 1, the table above includes £4,459k of planned draws on other earmarked reserves and additional use of reserves of £45k from Central Programme Office, £291k on Compensation reserve to fund recent developments in three mesothelioma cases, £56k from the London Safety Plan reserve to fund the blue light secondary schools project, £88k from the Organisational Review reserve to fund the Role to Rank project costs and £22k to fund the project team working on the Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection past the original September end date.

31. The forecast movement on the reserves in 2019/20 was included as part of the Budget Report 2019/20, and the movements set out above are compared to the original forecast in a table provided at Appendix 3. This shows the anticipated balance on reserves at 31st March 2020 presented in the Q1 financial position report and the revised forecast balance included in this report, with explanations of any variances. The forecast balance in reserves has increased from £69,680k to £72,552k, an increase of £2,872k largely as a result of the increase in the general reserve due to the movement in the outturn forecast.

32. The risk below has been quantified and therefore removed:

- The LFC completed a **pensions auto re-enrolment** exercise on 1st June 2019. The re-enrolled members are entitled to reimbursement of their contributions if they opt out of the scheme within three months ending September 2019. The final impact on the LFC has now been incorporated in this financial position reporting.



## Capital

33. The current capital forecast for 2019/20 is £33,231k, which is £1,034k less than the position reported at Quarter 1 of £34,265k (LFC-0204). The main changes in the programme are detailed below, and a full breakdown of the future capital programme is detailed in Appendix 2.

### Budget brought forward from 2020/21 – £284k

- Roofing replacements (£284k) - The planned works at Clapham fire station had a lowest tender price that was higher than the pre tender estimate.

### Slippage carried forward to 2020/21 and beyond – £976k

- Heating replacements (£456k) - Following the results of the competitive tender exercises for the planned projects at Acton and Surbiton fire stations, the lowest tender price return in each case was lower than the pre tender estimate.
- Appliance Bay Door Replacements (£99k) - A Following a revised pre-tender estimate relating to the planned works at Paddington (£30k) this has been re-profiled to 2020/21. The planned works at Brixton are currently at design stage but have experienced consultant delays, due to challenges in recruiting and retaining technical staff, therefore £69k has been slipped into 2020/21.
- Electrical works (£54k) - The lowest tender price returns for the planned projects at East Greenwich, Hainault and Richmond were lower than the consultant's pre-tender estimates, and the remaining budget has therefore been slipped to 2020/21 for future works..
- West Hampstead Single Persons Accommodation Refurbishment (£100k) - The issue of listed planning consent is in discussion with the London Borough of Camden so there will be a delay to the commencement of the project.
- Replacement of Fireboats – (£267k) (LFC-0150) The tenders have now been received by Babcock, with the best fireboats secured at a price well within the cost ceiling. The phasing of the capital spend has also been reviewed, and the budget re-profiled accordingly .

### Budget savings – £127k

- ICT Netscaler Replacement (£127k) - A saving of £127k has been achieved through the tender process.

### Budget reduction – (£215k)

- Performance and Administration Management Solution (PAMS) – It has now been confirmed that the PAMS costs mainly relate to software licencing and so will now be funded from the revenue budget, and the scheme removed from the capital programme.

## Debtors

34. An analysis of debtors relating to Shut in Lift is provided in Appendix 5. This includes a chart that shows the decrease in Shut in Lift debts over the past 18 months of shut in lift charges. The total number of shut in lift debts has been falling gradually over the last two years, after its peak, with the overall balance reduced from £300k at the end of September 2015 to £98k at the end of June 2019 (Quarter 1). Outstanding shut in lift debt has then increased to £159k as at the end of September 2019 (Quarter 2).

## **Additional Resilience Requirements**

35. Appendix 7 provides detailed information on the additional resourcing costs agreed (FEP2763) following the Grenfell Tower fire and terrorist incidents in 2017. This includes the forecast spend for 2019/20 and the budget requirement for 2020/21 and future years.

## **Finance comments**

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

## **Workforce comments**

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

## **Legal comments**

38. The report is a financial performance 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 that sets out detailed rules covering financial planning, monitoring, control, systems and procedures and insurance.
39. This report fulfils the obligations of section 8 (f) of the Financial Regulations which stipulates that, "Following consultation with the relevant Heads of Service the Director of Corporate Services will present budget monitoring reports to the relevant Board regularly.
40. 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**

41. There are no direct sustainable implications.

## **Equalities implications**

42. This report has no equality implications.

## **List of Appendices to this report**

1. Detailed Financial Position
2. Capital Programme 2019/20
3. Changes in use of reserves from March Budget Report
4. Risks to the revenue and Capital Position
5. Outstanding LIFT debtors
6. Scheme of Governance – Budget Virements
7. Additional Resilience Requirements

## **Consultation**

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

## Appendix 1 – Detailed Financial Position

	Current Budget	Current Spend	Current Variance		Original Budget	Revised Budget	Forecast Outturn	Forecast Outturn Variance		Forecast Outturn Variance at Qtr.1	Movement between previous and outturn variance
	£	£	£	%	£	£	£	£	%	£	£
Operational Staff	132,164,059	130,804,210	(1,359,850)	(1.0%)	270,798,421	267,945,237	266,543,788	(1,401,449)	(0.5%)	813,560	(2,215,009)
Trainee Firefighters	1,097,201	1,492,622	395,422	36.0%	1,590,569	2,194,401	2,420,662	226,261	10.3%	262,323	(36,062)
Total Operational Staff	133,261,260	132,296,832	(964,428)	(0.7%)	272,388,990	270,139,638	268,964,450	(1,175,188)	(0.4%)	1,075,883	(2,251,071)
FRS Staff	25,805,522	26,655,628	850,106	3.3%	53,080,258	54,245,424	53,347,843	(897,581)	(1.7%)	(21,516)	(876,065)
Control Staff	2,718,048	2,748,029	29,981	1.1%	5,299,147	5,516,689	5,560,689	44,000	0.8%	0	44,000
Total Other Staff	28,523,570	29,403,657	880,087	3.1%	58,379,405	59,762,112	58,908,532	(853,581)	(1.4%)	(21,516)	(832,065)
Other Pension Payments	440,000	425,620	(14,380)	(3.3%)	880,000	880,000	1,017,000	137,000	15.6%	137,000	0
Severance	4,030	39,351	35,321	876.5%	0	8,060	8,060	0	0.0%	0	0
Professional Development	16,556,633	17,010,092	453,459	2.7%	18,353,950	17,746,408	18,421,014	674,606	3.8%	23,446	651,160
Recruitment	68,484	54,164	(14,320)	(20.9%)	181,159	136,967	141,502	4,535	3.3%	2,300	2,235
Employee Related Insurance	215,000	258,389	43,389	20.2%	215,000	215,000	276,777	61,777	28.7%	61,777	0
Compensation	402,907	225,472	(177,435)	(44.0%)	805,814	1,096,327	1,096,327	0	0.0%	0	0
Medical and Welfare Expenses	992,541	936,602	(55,938)	(5.6%)	2,279,081	1,985,081	1,891,209	(93,872)	(4.7%)	(55,064)	(38,808)
Total Employee Related	18,679,594	18,949,691	270,097	1.4%	22,715,004	22,067,843	22,851,889	784,046	3.6%	169,459	614,587
Firefighter Pension Scheme	10,478,630	10,471,830	(6,800)	(0.1%)	20,769,276	20,769,276	20,969,296	200,020	1.0%	0	200,020
Building Maintenance	3,838,066	3,464,846	(373,220)	(9.7%)	8,512,832	8,761,350	9,383,352	622,002	7.1%	0	622,002
Grounds Maintenance	54,484	40,375	(14,109)	(25.9%)	120,984	120,984	120,984	0	0.0%	0	0
Premises Security	547,752	591,677	43,925	8.0%	547,752	547,752	592,752	45,000	8.2%	0	45,000
Energy Costs	777,318	965,754	188,436	24.2%	2,271,205	2,271,205	2,744,205	473,000	20.8%	473,000	0

## Appendix 1 – Detailed Financial Position

	Current Budget	Current Spend	Current Variance		Original Budget	Revised Budget	Forecast Outturn	Forecast Outturn Variance		Forecast Outturn Variance at Qtr.1	Movement between previous and outturn variance
	£	£	£	%	£	£	£	£	%	£	£
Rents	5,737,575	5,872,152	134,577	2.3%	8,256,016	8,282,856	8,344,154	61,298	0.7%	187,819	(126,521)
Property PFI Contract	5,635,202	5,650,979	15,776	0.3%	5,635,202	5,635,202	5,635,202	0	0.0%	0	0
Property Rates	5,045,742	4,650,940	(394,802)	(7.8%)	8,936,853	8,795,117	8,622,785	(172,332)	(2.0%)	(172,332)	0
Water & Sewerage Rates	114,554	86,244	(28,310)	(24.7%)	271,515	271,515	271,515	0	0.0%	0	0
Fixtures & Fittings	43,985	44,088	104	0.2%	97,969	87,969	87,969	0	0.0%	0	0
Cleaning and Domestic Supplies	876,940	848,725	(28,215)	(3.2%)	2,101,297	2,065,597	2,065,597	0	0.0%	0	0
Premises Insurance	276,920	319,718	42,798	15.5%	322,000	322,000	340,000	18,000	5.6%	18,000	0
Other Property Services	1,834,707	1,877,250	42,543	2.3%	2,573,583	2,479,247	2,482,830	3,583	0.1%	0	3,583
<b>Total Premises</b>	<b>24,783,244</b>	<b>24,412,747</b>	<b>(370,497)</b>	<b>(1.5%)</b>	<b>39,647,207</b>	<b>39,640,793</b>	<b>40,691,344</b>	<b>1,050,551</b>	<b>2.7%</b>	<b>506,487</b>	<b>544,064</b>
Running Costs	2,346,763	2,463,064	116,301	5.0%	2,486,164	2,486,164	2,543,043	56,879	2.3%	78,762	(21,883)
Vehicle and Equipment Contract	11,280,063	11,304,942	24,879	0.2%	11,282,867	11,277,260	11,231,075	(46,185)	(0.4%)	(63,070)	16,885
Vehicle Passthroughs	660,368	506,221	(154,147)	(23.3%)	658,889	667,407	531,819	(135,588)	(20.3%)	(135,588)	0
Maintenance and Repairs	1,235,000	39,718	(1,195,282)	(96.8%)	2,200,000	1,235,000	1,235,000	0	0.0%	0	0
Contract Hire & Operating Leases	979,278	1,133,069	153,791	15.7%	1,157,462	1,153,263	1,196,241	42,978	3.7%	37,728	5,250
Travel	595,992	687,961	91,969	15.4%	975,583	1,221,981	1,030,487	(191,494)	(15.7%)	(40,014)	(151,480)
<b>Total Transport</b>	<b>17,097,464</b>	<b>16,134,976</b>	<b>(962,489)</b>	<b>(5.6%)</b>	<b>18,760,965</b>	<b>18,041,075</b>	<b>17,767,665</b>	<b>(273,410)</b>	<b>(1.5%)</b>	<b>(122,182)</b>	<b>(151,228)</b>
Hydrants	420,004	805,067	385,063	91.7%	496,055	420,004	420,004	(0)	(0.0%)	0	(0)
Operational Equipment	836,954	866,135	29,182	3.5%	2,767,692	1,732,592	1,778,784	46,192	2.7%	1,334	44,858
Smoke Alarms	293,319	432,471	139,151	47.4%	700,000	586,638	586,639	1	0.0%	2	(1)
Equipment Furniture and Materials	198,933	256,621	57,689	29.0%	294,441	367,815	416,414	48,599	13.2%	48,161	438
Lost & NFWT Operational	116,871	133,941	17,070	14.6%	116,871	116,871	116,871	0	0.0%	0	0

## Appendix 1 – Detailed Financial Position

	Current Budget	Current Spend	Current Variance		Original Budget	Revised Budget	Forecast Outturn	Forecast Outturn Variance		Forecast Outturn Variance at Qtr.1	Movement between previous and outturn variance
	£	£	£	%	£	£	£	£	%	£	£
Equipment											
Catering	187,875	180,074	(7,801)	(4.2%)	303,636	337,436	336,271	(1,165)	(0.3%)	792	(1,957)
Clothing & Laundry	2,930,976	3,416,183	485,207	16.6%	3,271,629	3,484,897	3,512,578	27,681	0.8%	78,382	(50,701)
General Office Expenses	330,036	447,885	117,849	35.7%	619,245	594,814	575,593	(19,222)	(3.2%)	(57,231)	38,009
Professional Services	8,880,773	7,898,981	(981,792)	(11.1%)	9,615,198	10,099,156	10,998,273	899,117	8.9%	(324,239)	1,223,356
Postal Services	26,285	61,359	35,074	133.4%	61,055	61,055	61,055	0	0.0%	0	0
Communications	2,035,013	2,124,298	89,285	4.4%	3,982,950	4,045,118	4,682,699	637,581	15.8%	266,936	370,645
Hardware and Software	3,247,204	4,249,358	1,002,154	30.9%	6,345,135	6,971,324	6,982,841	11,517	0.2%	38,167	(26,650)
Staff Reimbursements	121,357	117,753	(3,603)	(3.0%)	248,721	242,721	242,721	0	0.0%	(238)	238
Grants and Subscriptions	102,886	181,300	78,414	76.2%	205,771	205,771	254,706	48,935	23.8%	(1,096)	50,031
Other Insurance	250,000	266,394	16,394	6.6%	250,000	250,000	266,394	16,394	6.6%	(16,733)	33,127
Advertising	57,930	59,835	1,904	3.3%	105,861	115,861	120,341	4,480	3.9%	4,480	0
Other Supplies and Services	25,085	47,744	22,659	90.3%	45,170	50,170	49,593	(577)	(1.2%)	(577)	0
Total Supplies and Services	20,061,500	21,545,397	1,483,898	7.4%	29,429,429	29,682,243	31,401,777	1,719,533	5.8%	38,140	1,681,393
Other Agencies	333,097	15,522	(317,575)	(95.3%)	321,700	333,097	333,097	0	0.0%	0	0
Other Local Authorities	1,058,894	1,101,880	42,986	4.1%	1,406,894	1,633,594	1,740,251	106,657	6.5%	101,672	4,985
Audit & Bank Charges	83,800	55,073	(28,727)	(34.3%)	88,600	88,600	88,000	(600)	(0.7%)	(600)	0
Total Third Party Payments	1,475,791	1,172,475	(303,316)	(20.6%)	1,817,194	2,055,291	2,161,348	106,057	5.2%	101,072	4,985
Debt Repayment	0	5,898,453	5,898,453	0.0%	6,357,000	6,357,000	5,957,000	(400,000)	(6.3%)	0	(400,000)
External Interest	1,000,000	941,679	(58,321)	(5.8%)	3,418,000	3,418,000	3,418,000	0	0.0%	0	0
Total Capital	1,000,000	6,840,132	5,840,132	584.0%	9,775,000	9,775,000	9,375,000	(400,000)	(4.1%)	0	(400,000)

## Appendix 1 – Detailed Financial Position

	Current Budget	Current Spend	Current Variance		Original Budget	Revised Budget	Forecast Outturn	Forecast Outturn Variance		Forecast Outturn Variance at Qtr.1	Movement between previous and outturn variance
	£	£	£	%	£	£	£	£	%	£	£
Financing Costs											
Budget for Non Staff Inflation	0	0	0	0.0%	0	0	0	0	0.0%	0	0
Central Contingency	0	0	0	0.0%	100,841	(22,692)	1	22,692	(100.0 %)	19,367	3,325
Savings to Be Achieved	0	0	0	0.0%	(173,287)	(145,752)	(73,861)	71,891	(49.3%)	18,775	53,116
Savings done by DA	0	0	0	0.0%	120,997	272,062	55,145	(216,917)	(79.7%)	(69,821)	(147,096)
Contingency	0	0	0	0.0%	48,551	103,618	(18,715)	(122,334)	(118.1 %)	(31,678)	(90,655)
<b>Total revenue expenditure</b>	<b>255,361,054</b>	<b>261,227,738</b>	<b>5,866,684</b>	<b>2.3%</b>	<b>473,731,021</b>	<b>472,036,891</b>	<b>473,072,585</b>	<b>1,035,694</b>	<b>0.2%</b>	<b>1,715,665</b>	<b>(679,970)</b>
MFB Act Income	(29,137,291)	(29,539,628)	(402,338)	1.4%	(29,137,291)	(29,137,291)	(29,590,372)	(453,081)	1.6%	0	(453,081)
Customer and Client Receipts	(5,517,843)	(4,529,325)	988,518	(17.9%)	(9,008,762)	(10,988,973)	(12,057,399)	(1,068,427)	9.7%	(210,478)	(857,949)
Interest Receivable	(80,000)	(254,544)	(174,544)	218.2%	(320,000)	(320,000)	(800,000)	(480,000)	150.0%	(180,000)	(300,000)
Bad Debts	0	9,312	9,312	0.0%	0	0	0	0	0.0%	0	0
Total Other Income	(34,735,133)	(34,314,185)	420,948	(1.2%)	(38,466,052)	(40,446,263)	(42,447,771)	(2,001,508)	4.9%	(390,478)	(1,611,030)
<b>Net revenue expenditure</b>	<b>220,625,920</b>	<b>226,913,553</b>	<b>6,287,633</b>	<b>2.8%</b>	<b>435,264,969</b>	<b>431,590,628</b>	<b>430,624,815</b>	<b>(965,813)</b>	<b>(0.2%)</b>	<b>1,325,187</b>	<b>(2,290,999)</b>
Use of Earmarked Reserves	0	0	0	0.0%	(12,401,066)	(3,922,501)	(3,922,502)	(0)	0.0%	0	(0)
<b>Financing Requirement</b>	<b>220,625,920</b>	<b>226,913,553</b>	<b>6,287,633</b>	<b>2.8%</b>	<b>422,863,903</b>	<b>427,668,126</b>	<b>426,702,313</b>	<b>(965,814)</b>	<b>(0.2%)</b>	<b>1,325,187</b>	<b>(2,291,000)</b>
Financed by:											

## Appendix 1 – Detailed Financial Position

	Current Budget	Current Spend	Current Variance		Original Budget	Revised Budget	Forecast Outturn	Forecast Outturn Variance		Forecast Outturn Variance at Qtr.1	Movement between previous and outturn variance
	£	£	£	%	£	£	£	£	%	£	£
Specific grants	(30,911,524)	(26,104,662)	4,806,862	(15.6%)	(31,608,903)	(35,363,044)	(35,437,728)	(74,683)	0.2%	0	(74,683)
GLA Grant	0	0	0	0.0%	(391,255,000)	(392,305,082)	(392,305,082)	0	0.0%	0	0
<b>Net Financial Position</b>	<b>189,714,397</b>	<b>200,808,891</b>	<b>11,094,494</b>	<b>5.8%</b>	<b>0</b>	<b>0</b>	<b>(1,040,497)</b>	<b>(1,040,497)</b>	<b>0.0%</b>	<b>1,325,187</b>	<b>(2,365,683)</b>

## Appendix 2 - Capital Programme

FUTURE CAPITAL PROGRAMME BUDGET QTR 2 2019-20 FORECAST	Status	2019/20 Budget LFC-0179	Qtr 2 Forecast	Variance		Qtr 1 Forecast	Change	Notes
ICT Projects		£'000s	£'000s	£'000s		£'000s	£'000s	£'000s
Records Management Operating System	Amber	98	98	0		98	0	
Business Intelligent Solution	Green	454	379	(75)		379	0	Slipped to 2020/21
Control & Mobilisation System (CAMS)	Amber	100	100	0		100	0	
Mobile Data Terminals Replacement	Green	71	71	0		71	0	
Fire ground Radios	Red	1,800	0	(1,800)		0	0	Slipped to 2020/21
ICT – Virtual Desktop Technology (Citrix)	Amber	250	250	0		250	0	
New telephone system equipment	Green	150	150	0		150	0	
Netscaler Replacement	Green	200	73	(127)		200	(127)	Savings £127k
Wireless Access Points	Green	853	853	41		853	0	
New computer terminals - Fat Client	Green	100	0	(100)		0	0	Slipped to 2021/22 Year
Multi Agency Incident Transfer (MAIT)	Red	195	195	0		195	0	
Performance and Administration Management Solution (PAMS)	Green	215	0	(215)		215	(215)	Revenue project Savings £215k
Farynor (linked to Home Fire Safety)	Green	100	100	0		100	0	
New Finance System	Green	100	100	0		100	0	
New HR System	Green	100	100	0		100	0	
New Payroll System	Green	100	100	0		100	0	
<b>ICT PROJECTS</b>		<b>4,886</b>	<b>2,569</b>	<b>(2,317)</b>		<b>2,911</b>	<b>(342)</b>	
<b>ESTATE PROJECTS</b>								
Workplace Improvement Plan Union St	Green	60	60	0		60	0	
Plumstead Fire Station Redevelopment	Green	100	50	(50)		50	0	c/fwd to 2020/21
LFB Museum – Fit out	Amber	30	30	0		30	0	
Heating at various stations	Green	1,634	475	(1,159)		931	(456)	c/fwd to 2020/21
Window replacement at various stations	Amber	215	215	0		215	0	
Rewiring of property at various fire stations	Green	598	501	(97)		555	(54)	c/fwd to 2020/21



## Appendix 2 - Capital Programme

<b>FUTURE CAPITAL PROGRAMME BUDGET QTR 2 2019-20 FORECAST</b>	<b>Status</b>	<b>2019/20 Budget LFC-0179</b>	<b>Qtr 2 Forecast</b>	<b>Variance</b>		<b>Qtr 1 Forecast</b>	<b>Change</b>	<b>Notes</b>
Minor Improvement Programme	Green	2,164	2,233	69		2,233	0	b/fwd from 2020/21
Roof Replacements	Amber	624	831	207		547	284	b/fwd to 2020/21
Appliance Bay Doors (Phase 3)	Amber	1,002	613	(389)		712	(99)	c/fwd to 2020/21
Brigade wide Survey for Asbestos Removal	Green	50	30	(20)		30	0	Savings
West Hampstead Accommodation Refurb	Amber	663	463	(100)		563	(100)	c/fwd to 2020/21
New Training Centre	Green	381	1,039	658		1,039	0	b/fwd from 2020/21
Operations Support Centre Project (IELP)	Green	3,980	3,980	0		3,980	0	
Lambeth River Station Redevelopment	Green	100	50	(50)		50	0	c/fwd to 2020/21
<b>ESTATE PROJECTS</b>		<b>11,601</b>	<b>10,570</b>	<b>(1,031)</b>		<b>10,995</b>	<b>(425)</b>	
<b>FLEET &amp; EQUIPMENT PROJECTS</b>								
Fleet and Operational Equipment	Green	17,711	16,223	(1,488)		16,223	0	New £50k & less slippage £1,234k & savings £304k.
Respiratory Protective Equipment (BARRIE)	Red	2,300	0	(2,300)		0	0	c/fwd to 2020/21
Early Replacement of ALP & HP*	Green	1,800	3,446	1,646		3,446	0	b/fwd from 2020/21
CCTV on Pumping Appliances *	Green	99	99	0		99	0	
Early Replacement of Fire Boat*	Amber	500	233	(267)		500	(267)	c/fwd to 2020/21
Portable Hygiene Units	Green	91	91	0		91	0	
<b>FLEET &amp; EQUIPMENT PROJECTS</b>		<b>22,501</b>	<b>20,092</b>	<b>(2,409)</b>		<b>20,359</b>	<b>(267)</b>	
<b>CAPITAL EXPENDITURE TOTAL</b>		<b>38,988</b>	<b>33,231</b>	<b>(5,757)</b>		<b>34,265</b>	<b>(1,034)</b>	

## Appendix 2 - Capital Programme

FUTURE CAPITAL PROGRAMME BUDGET Qtr 2 2019-20 FORECAST	2019/20 Capital Strategy LFC - 0134	2018/19 Outturn Slippage	New Projects/ Savings	Slippage to 2020/21	2019/20 Qtr 2 Forecast		2020/21 Budget	2021/22 Budget	2022/23 Budget	Previous Years Spend	Total Projected Spend	Approved Budget
<b>ICT Projects</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>		<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Records Management Operating System	98	0	0	0	98		0	0	0	2,091	2,189	2,350
Business Intelligent Solution	454	0	0	(75)	379		435	465	0	531	1,810	1,810
Control & Mobilisation System (CAMS)	100	0	0	0	100		100	0	2,800	9,013	9,213	10,650
Mobile Data Terminals Replacement	71	0	0	0	71		0	0	1,486	2,029	2,100	2,100
Fire ground Radios	1,800	0	0	(1,800)	0		1,800	0	0	0	1,800	Q4 18-19
ICT – Virtual Desktop Technology (Citrix)	235	15	0	0	250		0	0	0	0	250	TBA
New telephone system equipment	150	0	0	0	150		0	0	0	164	307	157
Netscaler Replacement	200	0	(127)	0	73		0	0	0	0	200	TBA
Wireless Access Points	853	0	0	0	853		0	0	0	0	853	TBA
New ISP	0	0	0	0	0		0	500	0	0	500	TBA
New WAN	0	0	0	0	0		0	500	0	0	500	TBA
VM Server Environment Hosts	0	0	0	0	0		500	0	0	0	500	TBA
Replacement of laptops	0	0	0	0	0		563	0	0	0	563	TBA
New computer terminals - Thin Client	0	0	0	0	0		0	1,150	0	0	1,150	TBA
New audio visual equip for Stations	0	0	0	0	0		100	0	0	0	100	TBA
New computer terminals - Fat Client	100	0	0	(100)	0		0	100	0	0	100	TBA
Audio Equipment for Union St	0	0	0	0	0		0	220	0	0	220	TBA
Data transfer system for Joint Emergency Services Interoperability Programme	120	75	0	0	195		0	0	0	71	266	266
Performance & Admin Management Solution	215	0	(215)	0	0		0	0	0	0	215	TBA
Farynor Replacement (linked to Home Fire Safety)	100	0	0	0	100		450	200	0	0	750	£100k fees
Home Fire Safety Database	0	0	0	0	0		70	60	0		0	TBA
New Finance System	100	0	0	0	100		586	1,080	453	0	1,766	TBA
New HR System	100	0	0	0	100		624	0	0	0	724	TBA
New Payroll System	100	0	0	0	100		231	0	0	0	331	TBA
<b>ICT PROJECTS</b>	<b>4,796</b>	<b>90</b>	<b>(342)</b>	<b>(1,975)</b>	<b>2,569</b>		<b>5,459</b>	<b>4,275</b>	<b>4,739</b>	<b>13,969</b>		
<b>ESTATE PROJECTS</b>												
Workplace Improvement Plan (WIP) Union St	60	0	0	0	60		0	0	0	106	167	240
Plumstead Fire Station Redevelopment	100	0	0	(50)	50		2,550	2,500	350	0	5,100	TBA
LFB Museum – Fit out	30	0	0	0	30		0	1,200	1,152	18	1,248	2,400
Refurbishment of Edmonton Fire Station	0	0	0	0	0		80	220	1,500	0	300	TBA
Heating at various stations	1,634	0	0	(1,159)	475		1,610	494	925	n/a	n/a	n/a
Window replacement at various stations	215	0	0	0	215		360	50	540	n/a	n/a	n/a
Rewiring of property at various fire stations	575	23	0	(97)	501		372	25	300	n/a	n/a	n/a
Minor Improvement Programme	2,164	0	0	69	2,233		2,012	2,040	1,496	n/a	n/a	n/a
Roof Replacements	624	0	0	207	831		827	260	680	n/a	n/a	n/a

## Appendix 2 - Capital Programme

Appliance Bay Doors (Phase 3)	981	21	0	(389)	613		803	0	400	n/a	n/a	n/a
Brigade wide Survey for Asbestos & Removal	50	0	(20)	0	30		50	50	50	n/a	n/a	n/a
West Hampstead Single Person's Accommodation Refurbishment	705	(42)	0	(200)	463		200	0	0	57	720	720
Improve Security at Fire Stations, Offices & HQ	100	0	0	(100)	0		1,350	1,255	0	0	2,605	TBA
New Training Centre	300	81	0	658	1,039		8,049	6,046	0	366	15,500	15,500
Operations Support Centre Project (IELP)	3,196	(116)	0	900	3,980		0	0	0	342	4,322	4,322
Lambeth River Station Redevelopment	0	0	0	50	50		1,050	1,200	0	0	1,100	TBA
<b>ESTATE PROJECTS</b>	<b>10,734</b>	<b>(33)</b>	<b>(20)</b>	<b>(111)</b>	<b>10,570</b>		<b>19,313</b>	<b>15,340</b>	<b>7,393</b>			
<b>FLEET &amp; EQUIPMENT PROJECTS</b>												
Replacement of Fleet and Equipment	20,094	(1,871)	(254)	(1,746)	16,223		14,000	8,796	2,276	20,276	61,571	TBA
Respiratory Protective Equipment (BARRIE)	2,300	0	0	(2,300)	0		2,300	0	0	0	2,300	TBA
Breathing Apparatus (Standard duration)	0	0	0	0	0		5,000	0	0	0	5,000	TBA
Early Replacement of ALP & HP	1,800	0	0	1,646	3,446		1,834	0	0	0	5,280	5,280
CCTV on Pumping Appliances	100	0	(1)	0	99		0	0	0	149	248	501
Early Replacement of Fire Boat	500	0	0	(267)	233		3,152	475	0	56	3,916	5,900
22mm Water Hose and Reel for Appliances	507	0	(507)	0	0		0	0	0	582	582	1,500
Vehicle Security *	45	0	(45)	0	0		0	0	0	101	101	1,389
Portable Hygiene Units	0	91	0	0	91		0	0	0	0	91	91
<b>FLEET &amp; EQUIPMENT PROJECTS</b>	<b>25,346</b>	<b>(1,780)</b>	<b>(807)</b>	<b>(2,667)</b>	<b>20,092</b>		<b>26,286</b>	<b>9,271</b>	<b>2,276</b>	<b>21,128</b>	<b>78,630</b>	<b>11,261</b>
<b>CAPITAL EXPENDITURE TOTAL</b>	<b>40,876</b>	<b>(1,723)</b>	<b>(1,169)</b>	<b>(4,753)</b>	<b>33,231</b>		<b>51,058</b>	<b>28,886</b>	<b>14,408</b>			

Appendix 3 shows the anticipated balance on reserves on 31st March 2020 in the Q1 Financial Position report and the revised forecast balance included in this report. The total amount of reserves has increased from £69,680k to £72,552k, an increase of £2,872k.

£000s	Anticipated Balance March 2020 (Q1 Report)	Anticipated Balance March 2020 (Q2 Report)	Movement from Previous Report	Comments
Additional Resilience Requirements	498	622	124	Decrease in forecast one off training costs
Capital Expenditure Reserve	11,745	11,745	0	
Central Programme Office	792	746	(45)	Increase in forecast spend on CPO programme.
Compensation	750	459	(291)	Additional use of reserve to fund recent developments in three mesothelioma cases.
Emergency Services Mobile Communication Programme	2,174	2,174	0	
Emergency Medical Response	294	294	0	
Fire Safety and Youth Engagement	1,031	1,031	0	
HMICFRS inspection regime	22	0	(22)	Extension of posts working on project.
Hydrants	367	367	0	
ICT Development Reserve	1,793	1,893	100	Reduction in use of development reserve. Use in future years is being reviewed.
LFC Control Centre	750	729	(21)	Remaining funding for temporary established control posts returned to general reserve.
LFB Museum Project	140	140	0	
London Resilience	903	865	(38)	Funding for flood response project returned to general reserve.
London Safety Plan Initiatives	3,755	3,699	(56)	Forecast spend on Blue Light Secondary School project now included.
New Governance Arrangements	148	0	(148)	Remaining funding for returned to general reserve.
Organisational Reviews	466	327	(138)	Increase in costs for Role to Rank project, due to unforeseen one off costs.
Recruitment/ Outreach	370	250	(120)	Remaining funding for returned to general

## Changes in Use of Reserve from March Budget Report

## Appendix 3

£000s	Anticipated Balance March 2020 (Q1 Report)	Anticipated Balance March 2020 (Q2 Report)	Movement from Previous Report	Comments
				reserve.
Sustainability	0	235	<b>235</b>	Spend plans on Ultra Low Emissions Fleet (ULEF) to carried forward to 20/21.
Vehicle & Equipment Reserve	1,143	1,506	<b>362</b>	Spend plans on Ultra Low Emissions Fleet (ULEF) to carried forward to 20/21.
Budget Flexibility	29,930	29,930	<b>0</b>	
General	12,608	15,539	<b>2,931</b>	Increase in forecast underspend (£2,366k) and balances returned to general reserve (£566k)
<b>Total</b>	<b>69,680</b>	<b>72,552</b>	<b>2,872</b>	

### 1. Firefighter and Local Government Pension Schemes

- 1.1. The Fire Brigade Union notified LFC, along with 49 other Fire and Rescue Authorities (FRAs), of a **discrimination claim** in connection with the transitional arrangements applicable to the 2015 Firefighters Pension Scheme, as explained in FEP2506. The tribunal ruled in favour of the claimants. The Government and FRAs sought permission from the Supreme Court to appeal the Court of Appeal's decision, however this has now been denied, with the case returning to the Employment Tribunal for a remedy to be determined. An initial hearing is scheduled for 18 December 2019. The potential cost implications for the LFC are not possible to forecast at present, but may lead to a material budget pressure. The remedy is potentially made more complex as it may need to address the issue on a range public sector pensions, possibly including the LGPS.

### 2. London Pensions Fund Authority (LPFA) Pensions Administration

- 2.1. The strategic partnership between the London Pensions Fund Authority (LPFA) and Lancashire County Pension Fund established in April 2016, and that created the **Local Pensions Partnership** (LPP), to manage pension fund investments and pensions administration services, continues to develop. It was agreed (FEP2644) that the LFC should continue the current shared service arrangement with the LPFA for the administration of the FPS but with the LPFA then sub-contracting to the LPP. The LPP implemented its new operating model from April 2018 which saw the service move from a dedicated LFB pension team to a generic team for all their clients. Officers have been reviewing this arrangement, and have now met with the LPP's new Pensions Director, and a potential significant increase in shared service charges was raised. It is planned to reach conclusions on the best long term administration solution for the administration of LFC's pension schemes by the end of this financial year, working with the Local Pension Board. This could lead to change in the cost of the service and/or change in provider. The LFC currently pays the LPP £293k pa under a shared service arrangement to provide administration services for the firefighter pension scheme.

### 3. GT Legal Investigation Costs

- 3.1. The position on the legal costs continues to develop as more information becomes available, and these will be updated as required. It is currently expected that £2,895k of costs related to the Grenfell Investigation would be recovered under LFC's insurance. Any variation to this forecast may further increase the current overspending position.
- 3.2. The disclosure costs are an area of particular attention with further upward cost pressure. Discussions are ongoing with insurers to confirm what costs will be recovered through this route. Work is continuing in this area.

### 4. Pay and Inflation

- 4.1. Pay awards for Operational and Control staff have now been agreed and the implications are set out in the figures included in this report. The pay award for FRS staff is still under negotiation.
- 4.2. The protracted **Brexit** process continues to cause significant economic uncertainty. The impact of this is currently unclear, and so preparing forecasts for increases in general inflation remains difficult.

### 5. Premises Budgets

- 5.1. There is £100k included in 2019/20 budget for potential dilapidation costs at the Brigade Distribution Centre (BDC). This is an estimate advised by the Estates Consultant. Notice to terminate the lease of BDC was completed in September 19 and agreement will cease in

March 20. The Estates Consultant has visited BDC and is preparing a report for LFB. Once report has been agreed, negotiations on dilapidations will commence with the landlord.

## 6. POTENTIAL RISKS/CHANGES TO THE CAPITAL PROGRAMME

- 6.1. The capital budget is an evolving entity which is subject to change throughout 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 will invariably result in additional costs. However even the best managed projects can be subject to re-phasing or deferral due to a number of unforeseen issues, such as contractor capacity/failure, bad weather and revised operational need. This can also impact on funding requirements that in turn have a debt charge (cost of borrowing) revenue impact.
- 6.2. All capital projects will require third party collaboration to varying degrees over the project life. The following major projects that make up about 80% of the programme depend heavily on external parties actions and therefore can be subject to variation with the potential for delays in project delivery and revised cash flow requirements. Specific risks:

### Vehicle Replacement Programme

- 6.3. 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 programme and other vehicle replacements which represents 80% of the forecast Vehicles and Equipment expenditure. Any delay in the programme and delivery timings for the fleet replacement items, may effect the actual spend position and be a variance against the approved budget for the year.

### Command Units

- 6.4. The initial specification for the Command Unit vehicles was for a standard box lorry which resulted in a budget provision of £3.24m to replace the nine vehicles. It is now proposed that a fully electric solution also be included in the tender process to allow the costs of this potential option to be better understood.. Any decision to implement an electric vehicle solution is likely to lead to significant additional costs. In addition, there will be a new budget requirement for the ICT equipment for the vehicles that is yet to be clarified, but the additional budget requirement could be around £1.8m.

### Control and Mobilising Solution (CAMS)

- 6.5. The current mobilising solution (Vision) was implemented in November 2015, however a number of other work streams within the project are still to be delivered. Update releases have been implemented in the period since go-live and other functionality will continue to be deployed during 2019/20 (e.g. BOSS mobile), hence the continuing capital requirement. This budget line is separate from any project to replace the current mobilising solution, as it comes to the end of its 10 year useful life, which is expected will commence later in 2019/20.

### Replacement of the Fire Safety ICT System

- 6.6. The start of the replacement fire safety system project has been delayed as it is prudent to await, following the Grenfell Tower fire, (a) the Government's response to recommendations of the independent Review of Building Regulations and Fire Safety made by Dame Judith Hackitt; and (b) the recommendations from phase 1 of the Grenfell Tower Inquiry. The Government has consulted on its proposals to respond to the Hackitt recommendations and the Phase 1 recommendations from the Grenfell Tower Inquiry are now expected to be published on 30 October 2019. Plans are progressing develop this project into a 'One Risk

System' that would embrace the whole range of building related risks, including fire safety and operational risks.

#### Incident-ground radios

- 6.7. £1.8m was in the capital programme for 2019/20 for the replacement of incident-ground radios. The current radios are reaching the end of their useful life and repairs are becoming more frequent and costly. The supplier has also indicated that they may stop production of these radios. This project has dependencies on the Respiratory Protective Equipment (RPE) replacement project, with decisions required on compatibility with any new breathing apparatus (BA) radios. Officers were considering the potential amalgamation of the BA Radio and Incident Ground Radio projects. It has now been agreed that they will be merged as there will be substantial improvements in fire fighter safety. It is now not likely that the full provision in the capital programme will be spent, given normal procurement time-lines. An interim procurement, to provide a continuing stock of radios to replace those that fail, may need to be considered.

#### Modernisation of LFB Applications

- 6.8. Estimates have been prepared as part of the long term capital strategy for the replacement of a number of key business and back-office systems. These estimates were based on the expected life of the deployed systems, and the need to re-tender systems (e.g. finance/purchasing, payroll and human resources). However, these sums are somewhat uncertain given the changing nature of the ICT environment and its evolution (e.g. the move to cloud-based systems), the emergence of new technologies and ways of working.

#### LFB Training Centre

- 6.9. The LFB Training Centre project has a dependency on PEG moving out of Croydon and any delay to the Operations Support Centre (OSC) Project may have a knock on effect on the delivery of the Training Centre programme. The programme for OSC project is on track with PEG/BDC planning to relocate to the new site in the first quarter of 2020, supporting the planned start date for the works for the Training Centre in March 2020.

#### Operations Support Centre Project (formally IELP)

- 6.10. The contractors are currently on site and the project is proceeding to plan. The risk of further budget slippage has reduced and the forecast capital budget is expected to be achieved.

#### Plumstead Redevelopment

- 6.11. A decision has been made to undertake a new feasibility study into refurbishing the existing listed building and extending the fire station, due to lack of available and suitable alternative sites. It is possible that the costs advised by the feasibility report could exceed the current allocated budget of £5.45m.

#### Edmonton Fire Station

- 6.12. A feasibility study is being undertaken to look at potential options to re-build or refurbish the existing premises. A risk to the project is the recent local listing of the fire station by the London Borough of Enfield, without consultation with the LFC. This is currently being investigated.

#### Security at fire stations

- 6.13. This project is on hold pending the outcome of the Special Operations Group security policy. The business case for this project will need to be re-validated based on the new requirements.

#### West Hampstead Single Persons Accommodation Refurbishment



- 6.14. The project has reached a point of contract award, however the issue of listed planning consent is still in discussion with the London Borough of Camden (LBC). Discussions are ongoing with LBC, Dron & Wright (project managers), Nexus and Heritage Consultants.

### Redevelopment of 8 Albert Embankment

- 6.15. The re-provision of Lambeth fire station and new LFB museum is subject to the approval of a planning application to the London Borough of Lambeth, with a decision expected in the Autumn. The costs associated with the provision of the museum are unexpected to be met within the existing budget now that the LFC has been successful in applying for National Lottery Heritage Grant to support the project.

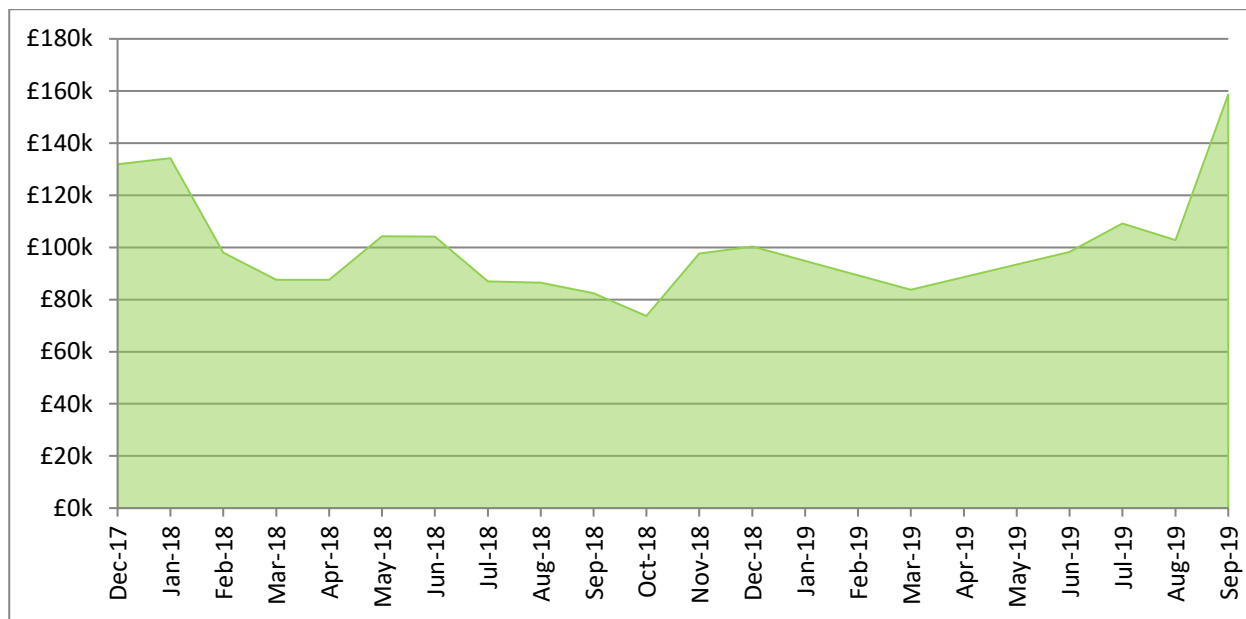
### Refurbishment of Lambeth River Pontoon

- 6.16. A feasibility exercise is currently being undertaken for the refurbishment of the river station, and until the outcome of a feasibility exercise is known, it is unclear whether the current budget allocation of £2.3m will be sufficient for this project.

### Capital Receipts

- 6.17. 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. 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.

The chart below shows the amount of outstanding LIFT debts over the last 18 months, with £159k outstanding at the end of September 2019.



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

	£ outstanding	No of invoices
LONDON BOROUGH OF SOUTHWARK	13,841	34
LONDON BOROUGH OF HACKNEY	9,763	24
PEABODY TRUST	9,690	24
LONDON BOROUGH OF TOWER HAMLETS	8,528	21
BAXTER LAMBERT	5,586	14
<b>Grand Total</b>	<b>47,399</b>	<b>117</b>

## Review of the top five debtors

### **LB of Southwark:**

These outstanding invoices have been recently chased and we have been advised that these invoices are due to be paid soon.

### **LB of Hackney:**

These outstanding invoices have been recently chased and we have been advised that these invoices are due to be paid soon.

### **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.

**LB of Tower Hamlet:**

These outstanding invoices have been recently chased and we have been advised that these invoices are due to be paid soon. Only £4460.40 is outstanding (i.e. 11 invoices) out of the £8,528 debts (i.e. 21 invoices).

**Baxter Lambert:**

These have been referred to General Counsel for further 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."*

No transfers were processed in Quarter 2 that require reporting.

## Summary of changes from Quarter 1 Financial Position Report

Forecast Spend at Q2	2019/20	2020/21	2021/22
Capital	419,865	5,577,050	0
Revenue	4,908,424	4,799,894	5,409,894
Reserve Funded	213,000	241,612	0
Total	5,541,289	10,618,556	5,409,894
<b>Forecast Spend at Q1</b>			
Capital	600,000	5,963,000	0
Revenue	5,063,727	4,799,894	5,409,894
Reserve Funded	219,000	241,612	0
Total	5,882,727	11,004,506	5,409,894
<b>Movement from previous</b>	<b>(341,438)</b>	<b>(385,950)</b>	<b>0</b>
<b>Items that have changed</b>			
C1 - Aerial Appliances	(180,135)	(385,950)	0
R2 - USAR Items	(6,000)	0	0
R6 - Investigation Team	(206,264)	0	0
R7 - Legal Costs	250,961	0	0
R9 - Fire Safety Resources	(200,000)	0	0
Total Movement	(341,438)	(385,950)	0

## Movements from Q1 Report

C1 – reduction in forecast cost of assets.

R2 – reduction in forecast spend on half masks.

R6 –Decrease in forecast spend on investigation team based on vacancies

R7 – Legal Costs for 19/20 have increased by £251k. Disclosure costs are still in dispute but it is anticipated some of those costs will also be recovered from our insurers but these have not been included in the forecast in this report.

R9 – the majority of the additional Fire Safety support posts have now been filled, but due to recruitment occurring later in the year spend has reduced from the previous forecast.

## Additional Resourcing 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	<b>Extended Height Aerial Appliances x3</b> 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, there is a benefit to procuring such vehicles at this time.	0	0	419,865	2,764,050	0
C2	Procurement/ Technical & Service Support	<b>Drones</b> There is not expected to be any capital costs related to drones, and all costs are included in item R3 Improved USAR Kit below.	0	0	0	0	0
C3	Procurement/ Technical & Service Support	<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.  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.  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.	0	0	0	2,813,000	0
R1	Multiple Departments	<b>Ongoing Maintenance for Capital Items above</b>	0	0	0	75,000	763,000

## Additional Resourcing 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 £
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><b>WASPs:</b> Early Warning safety device for structural stability. Can also be used for Trench rescue and confined space working.</p> <p><b>Pop-Up Tents:</b> To provide welfare/shelter for crews/command team in both inclement or sunny weather.</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>	0	22,600	68,000	24,000	24,000
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 for USAR teams. Further work is on-going for the remainder of station based staff.</p>	0	15,000	5,000	247,000	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 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>	68,836	244,894	244,894	244,894	244,894

## Additional Resourcing 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 £
		Also, to operate effectively the expanded C&W team requires administrative support. A FRS B post to support the team and maintain critical and confidential records is now in place.					
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.</p>	705,506	1,812,732	1,765,000	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 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 costs here represent the actual cost to LFC after reimbursement</p>	600,288	1,825,410	729,530	78,000	0



## Additional Resourcing 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 £
		from the brigades insurers.					
R8	Fire Stations	<b>Overtime Support for Specialist Teams</b> 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.	0	103,000	103,000	103,000	103,000
R9	Fire Safety	<b>Fire Safety resources to support and enhance the inspection programme</b> The ongoing costs are for an additional resources to support the inspection programme. Recruitment process is on-going.	0	224,590	950,000	1,500,000	1,500,000
R10	Legal & Democratic Services	<b>Review of staff support for Chair</b> This was to consider whether additional support is required for the Deputy Mayor for Fire and Rescue. This has been assessed as no longer being required.	0	0	0	0	0
R11	Fire Stations	<b>Potential cost of increased sickness</b> 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.	371,000	371,000	371,000	371,000	371,000
R12	Development and Training	<b>Training</b> This includes additional training requirements for: <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>	0	7,000	441,000	488,612	437,000
R13	Finance Services	<b>Additional Borrowing Costs</b> 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.	0	0	0	608,000	608,000
R14	Operational Policy	<b>Improved Communications for Breathing Apparatus</b> A BA replacement project is underway to examine the next generation	0	0	0	0	0

## Additional Resourcing 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 £
		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. BA communications is now in scope of the Repertory Protective Equipment replacement project and will consider this requirement.					
R15	Operational Policy	<b>Fire Escape Hoods</b> This budget was used to purchase smoke hoods for all front line appliances.	0	89,000	20,000	20,000	20,000
<b>Total additional resilience requirements</b>			<b>1,984,130</b>	<b>5,139,226</b>	<b>5,541,289</b>	<b>10,618,556</b>	<b>5,409,894</b>