

FY 2023/24 – Q2 Finance Position Report

Report to:

Investment & Finance Board.....	26 October 2023
Commissioner's Board	07 November 2023
Deputy Mayor's Fire and Resilience Board.....	21 November 2023
Audit Committee	04 December 2023

Date:

Report by:

Adrian Bloomfield
Assistant Director - Finance

Report classification:

For information

For publication

PART ONE

Non-confidential facts and advice to the decision-maker

Executive Summary

This report presents the London Fire Commissioner's (LFC) Q2 Financial Position Report as at the end of September 2023 (Period 6). It provides information on financial performance against both Revenue and Capital budgets.

Recommended decision(s)

Note the Q2 Finance Position as at the end of September 2023 (Period 6).

For the London Fire Commissioner

None.

Table of Contents	Page
Introduction and Background	4
<u>Section A – Revenue Budget</u>	
LFC Revenue Summary – Main Table & Charts	5
LFC Revenue Summary – Budget to Latest Forecast	6 - 8
LFC Revenue Summary – Comparison to Previous Forecast	9 - 10
LFC Revenue Summary – Net Financial Position by Directorate	11
LFC Directorate of Preparedness and Response I/E	12 - 14
LFC Directorate of Prevention, Protection and Policy I/E	15 – 16
LFC Directorate of Corporate Services I/E	17 – 18
LFC Directorate of People I/E	19 – 20
LFC Directorate of Transformation I/E	21 – 22
LFC Directorate of Communications I/E	23 – 24
<u>Section B – Capital Budget</u>	
Section B LFC Capital Summary – Main Table & Charts	25
Section B LFC Capital Summary –Budget to Latest Forecast	26 - 27
<u>Appendix</u>	
Summary – Savings and Investments Update	28 – 29
Summary – Reserves Position Update	30 – 31
Summary – Budget Movements Update	32
Summary – Key Performance Indicators (Aged Debt) Update	33 – 34
Summary – Risks to the Financial Position Update	35
Summary – Climate Budget Update	36

Introduction and background

This report presents the Q2 Financial Position as at the end of September 2023 (Period 6). All departments review their actual income and expenditure on a monthly/quarterly basis and provide an updated forecast outturn position. These latest forecast returns are then monitored against budget and previously reported forecasts with explanations of variances being provided. These periodic returns form the basis of this reporting to the Investment and Finance Board (IFB), Commissioner's Board (CB), the Deputy Mayor's Fire and Resilience Board (FRB) and Audit Committee. The draft report is also shared with the Greater London Authority to meet requirements set out in the Mayor's Budget Guidance.

1 Mayor's Budget for 2024/25

1.1 The Mayor of London published his Budget Guidance for 2024/25 on 14 July 2023, which sets out provisional funding levels for the LFC over a three-year period from 2024/25 to 2026/27. The LFC is required to provide a Budget Submission to the Mayor addressing the requirements set out in the Guidance by the deadline of 24 November 2023. The Mayor's Budget Guidance for 2024/25 includes increased funding totals for the LFC of £470.4m in 2024/25, £489.4m in 2025/26 and £509.2m in 2026/27.

2 Statement of Accounts 2021/22

2.1 The Draft Statement of Accounts (SoA) was approved by the Chief Finance Officer (Director of Corporate Services) on 31 May 2022 and passed for external audit and public inspection. The updated Draft SoA was published by 30 November 2022. The audit was completed on 27 July 2023 and the final audited SoA was published on the 13 October 2023.

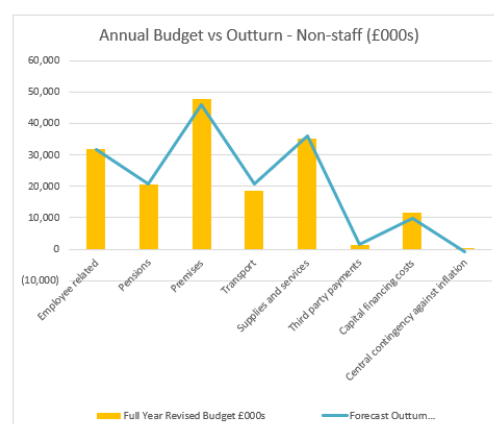
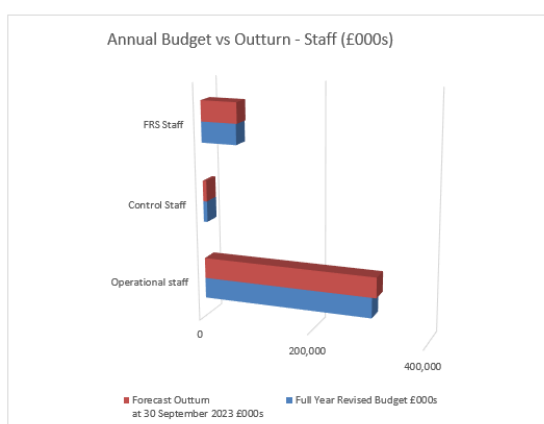
3 Statement of Accounts 2022/23

3.1 The Draft Statement of Accounts (SoA) was approved by the Chief Finance Officer (Director of Corporate Services) and published on 31 May 2023. The period for public inspection of the SoA ended on 12 July 2023. Discussions are ongoing with the external auditors to confirm dates for the audit of the SoA.

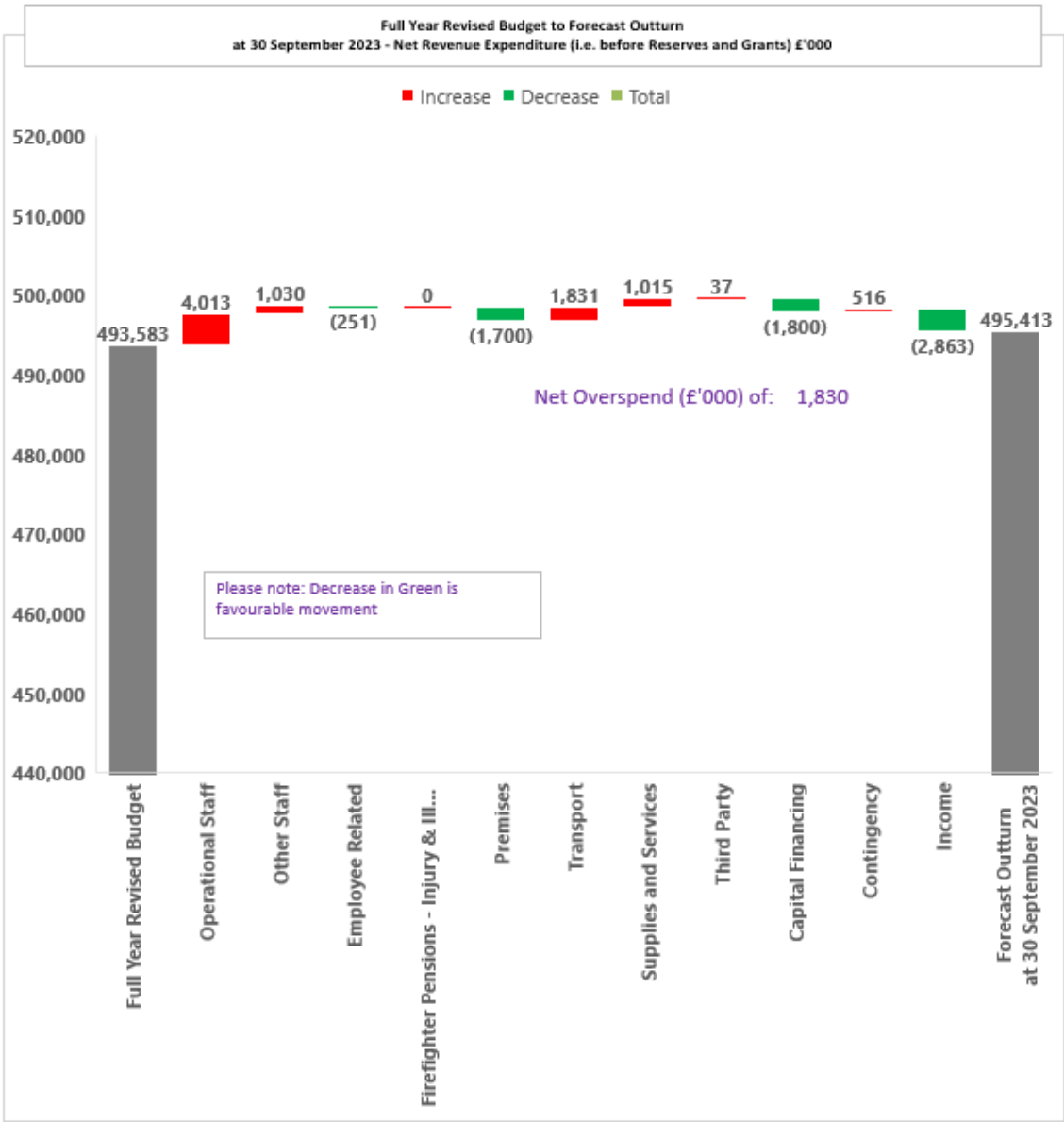
Section A LFC Revenue Summary Main Table

The table below sets out the Q2 Finance Position for LFC.

London Fire Commissioner Revenue Summary (£'000s)								
	A	B	C = [B - A]	D	E	F = [E - D]	G	H = [E - G]
LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget at 30 September 2023	Forecast Outturn at 30 September 2023	Variance on Latest Forecast Outturn vs Revised Budget at 30 September 2023	Reported Forecast Outturn at 30 June 2023 [Q1]	Q2 v's Q1 Movement on Forecast
Operational Staff	153,478	155,675	2,196	306,957	310,970	4,013	309,896	1,074
Other Staff	35,199	35,680	481	71,037	72,067	1,030	70,442	1,625
Employee Related	26,485	26,213	(272)	32,013	31,762	(251)	31,158	604
Firefighter Pensions - Injury & Ill Health	10,888	10,548	(341)	20,773	20,773	0	20,773	0
Premises	28,694	32,857	4,163	47,831	46,132	(1,700)	46,120	12
Transport	16,570	18,734	2,163	18,558	20,389	1,831	20,341	48
Supplies and Services	24,134	30,825	6,690	35,261	36,276	1,015	34,787	1,489
Third Party	954	522	(432)	1,333	1,370	37	1,370	0
Capital Financing	5,467	193	(5,274)	11,524	9,724	(1,800)	9,724	0
Contingency	(117)	0	117	232	748	516	(1,772)	2,520
Income	(35,258)	(33,404)	1,855	(51,936)	(54,798)	(2,863)	(53,797)	(1,002)
Net Revenue Expenditure	266,494	277,840	11,346	493,583	495,413	1,830	489,043	6,371
Use of Reserves	(7,020)	0	7,020	(15,155)	(14,702)	454	(9,082)	(5,620)
Financing Requirement	259,475	277,840	18,365	478,428	480,711	2,284	479,961	751
<u>Financed by:</u>								
Specific Grants	(25,596)	(21,600)	3,996	(32,628)	(32,135)	493	(32,089)	(46)
GLA Funding	(222,900)	(84,114)	138,786	(445,800)	(445,800)	0	(445,800)	0
Net Financial Position (Outturn)	10,979	172,126	161,147	0	2,777	2,777	2,072	705



Section A LFC Revenue Summary - Budget to Latest Forecast (1/2)



Section A LFC Revenue Summary - Budget to Latest Forecast (2/2)

Comments Full Year Latest Forecast vs Budget

The full year forecast outturn at 30th September 2023 shows a net overspend (after reserves and grants) of £2,777k.

Operational Staff - overspend of £4,013k

This overspend is largely due to the impact of net increased overtime forecast in Preparedness & Response, £4,228k, and £800k budget pressure in relation to Trainee Fire Fighters in the People Directorate. This is partly offset by a £847k underspend in Prevention, Policy & Protection. See individual Directorate Summaries for more detail.

Other Staff (including FRS and Control Staff groups) - overspend of £1,030k

This overspend is largely due to changes in the leadership of the People Directorate which has been addressed using interim leadership and temporary supernumerary roles to drive improvement and transformation (pending decisions about the future establishment structure). See People Directorate Summary for more detail.

Employee Related - underspend of £251k

This underspend reflects the current forecast profile of the training contract within the Learning & Professional Development Department (L&PD).

Premises - underspend of £1,700k

This underspend largely relates to premises capitalised costs of £2m in Finance Services, partially offset by forecast overspend in Property & Technical Support Service (TSS) of £400k. See Corporate Services Directorate Summary for more detail.

Transport - overspend of £1,831k

This overspend relates mainly to Technical and Support Service, with £1,245k relating to the vehicle and equipment contract and other vehicle costs such as accident repairs. Other areas of forecast overspend are in People of £448k, and Preparedness & Response of £325k.

Supplies and Services - overspend of £1,015k

A range of smaller budget pressures is forecast in Fire Stations (within the Preparedness & Response Directorate) including in respect of clothing and materials, £372k. A further £315k relates to updated forecasts within Corporate Services, largely driven by £170k General Counsel costs offset by additional income. See individual Directorate Summaries for more detail.

Capital Financing - underspend of £1,800k

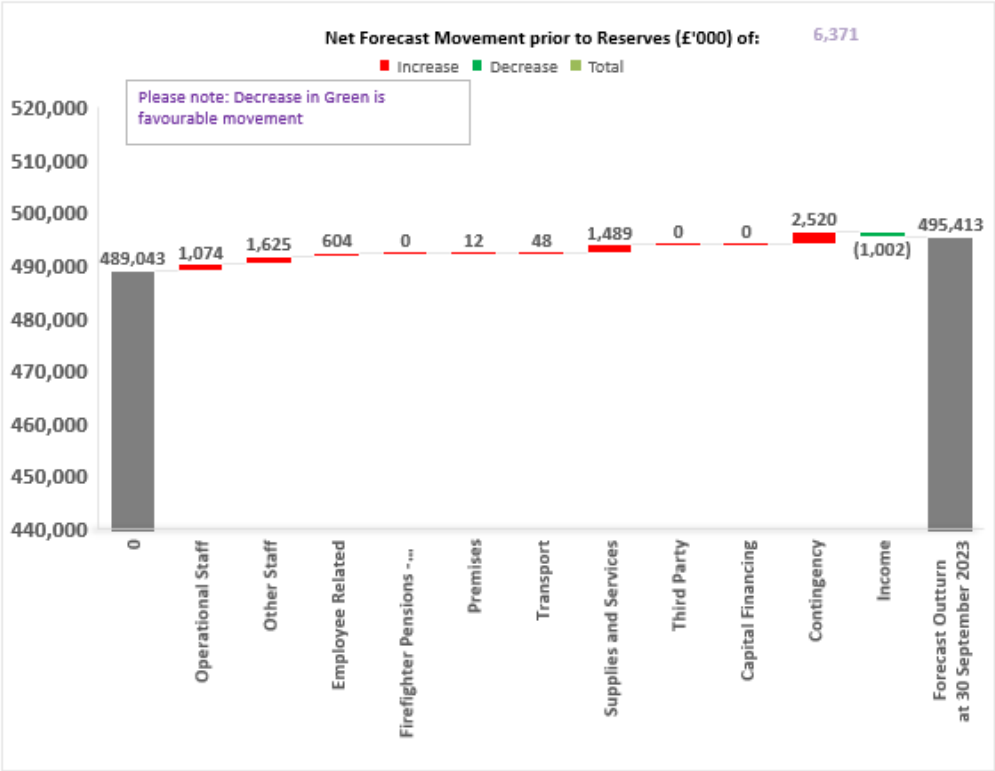
This underspend is due to forecast on debt repayment due to the revised capital programme profile. See Capital Programme Summary for more detail. Risks identified within the current forecast are under review.

Contingency – overspend of £516k

The forecast overspend largely reflects £1,500k efficiency savings that had been targeted from Operational Support Unit reform (OSU). Work on the OSU Strategy is now being updated in light of the new Response Strategy, and the forecast has therefore been revised to reflect that the saving will not be delivered in the current financial year.

<p style="text-align: center;">Comments Full Year Latest Forecast vs Budget</p>
<p>Income - over-recovery £2,863k This over recovery is largely due to higher than budgeted interest receivable income, resulting from both higher interest rates and investment balances of £1,900k. In addition, higher than planned income is forecast in relation to MFB Act £470k, and 'shut in lift' charges of £240k.</p>

Section A LFC Revenue Summary – Comparison to Previous Forecast
(1/2)



Section A LFC Revenue Summary – Comparison to Previous Forecast (2/2)

Comments Full Year Latest Forecast vs Budget

The full year forecast outturn at 30 September 2023 shows a £6,371k increase in net revenue expenditure (prior to reserves and grants) when compared to the reported Q1 position. Further information on the key movements is provided below, with much in relation to in-year use of reserves.

Operational Staff – increase in forecast outturn of £1,074k

Increased pressure within the People Directorate of £563k is largely due to higher than budgeted costs in respect of Trainee Fire Fighters, now forecast to overspend by around £800k. In addition, operational staffing forecasts within Preparedness and Response remain under review as the impact of the Pension Remedy, effective from October, becomes clearer. See individual Directorate Summaries for more detail.

Other Staff – increase in forecast outturn of £1,625k

The increase in forecast includes £884k within the Transformation Directorate funded by planned use of reserves, and £755k in Prevention, Protection & Policy in relation to updated staffing profile forecasts, including cost of agency staff to fill some vacant posts.

Employee Related – increase in forecast outturn of £604k

This increase in forecast is largely because of updated assumptions within General Counsel in the Corporate Services Directorate, in relation to compensation claims, offset by additional income.

Supplies and Services – increase in forecast outturn of £1,489k

The forecast movement includes £750k within the People Directorate in relation to the External Complaints Service, which will be funded from reserves. In addition, £448k within the Preparedness & Response Directorate largely relates to updated forecasts in relation to operational equipment, hygiene equipment, and smoke alarms within Fire Stations. In addition, an increase of £265k within the Prevention, Protection & Policy Directorate reflects a range of updated assumptions on service delivery costs.

Contingency – increase in forecast outturn of £2,520k

The increase in forecast relates to the projected costs of the proposed revised maternity policy, £1,200k partially held within Corporate Services, and revised assumption on non-delivery in-year of the £1,500k efficiency saving being targeted through the Operational Support Unit Reforms.

Income – increase in forecast over recovery of £1,002k

An increase in income forecasts for the Corporate Services Directorate of £740k largely reflects the offset of compensation costs reported within the Employee Related category above. In addition, £454k additional forecast income within the Preparedness & Response Directorate is largely driven by increased forecast assumptions on secondment income.

Section A LFC Revenue Summary (Net Financial Position by Directorate)

The table below sets out the reported overall LFC position at Q2 broken down by Directorate.

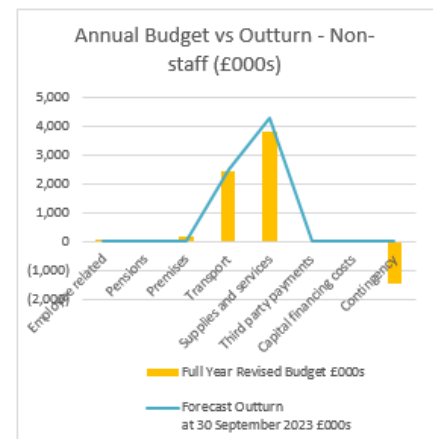
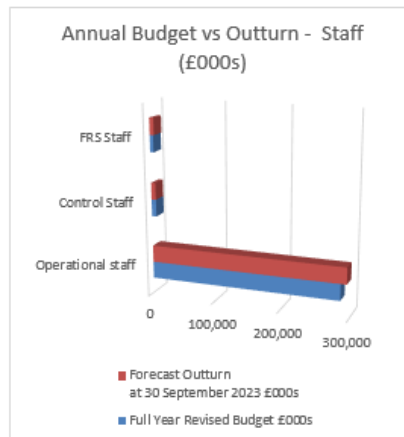
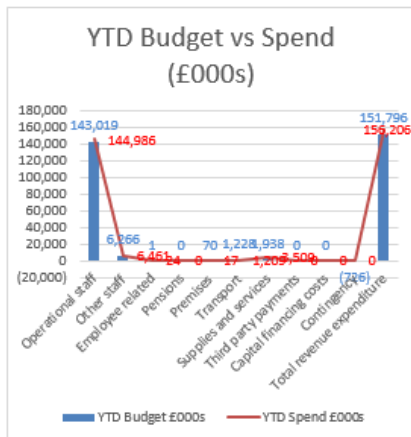
The £2,777k forecast outturn overspend is largely being driven by the budget pressure seen within the Preparedness & Response and People Directorates.

Please refer to each Directorate detailed summary for further information.

Revenue Summary of Net Financial Position - by Directorate (£'000s)								
	A	B	C = [B - A]	D	E	F = [E - D]	G	H = [E - G]
Directorate	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at 30 September 2023	Variance on Forecast Outturn vs Revised Budget at 30 September 2023	Reported Forecast Outturn at 30 June 2023 [Q1]	Q2 v's Q1 Movement on Forecast
Corporate Services	34,203	48,227	14,024	66,206	62,643	(3,563)	62,787	(144)
Preparedness and Response (P&R)	150,865	155,241	4,376	301,678	307,536	5,858	304,747	2,789
People	30,334	34,287	3,953	40,366	42,614	2,248	43,988	(1,374)
Communications	1,655	1,599	(56)	3,341	3,341	0	3,341	(0)
Prevention, Protection and Policy	15,021	14,583	(438)	30,646	28,954	(1,692)	29,132	(178)
Transformation	1,802	2,273	471	3,562	3,488	(75)	3,877	(389)
Total	233,879	256,209	22,330	445,800	448,577	2,777	447,872	705

Section A LFC Directorate of Preparedness and Response I/E (1/2)

LFC Revenue (£'000s)			YTD Variance (Budget vs Spend)	Full Year Revised Budget	Variance on Forecast Outturn vs Revised Budget at 30 September 2023		Q1 Previous Forecast Outturn at 30 June 2023	Q2 v's Q1 Movement on Forecast
	YTD Budget	YTD Spend			Forecast Outturn at 30 September 2023	Forecast Outturn at 30 September 2023		
Operational Staff	143,019	144,986	1,967	286,039	290,267	4,228	289,774	493
Other Staff	6,266	6,461	195	12,532	13,000	468	12,774	226
Employee Related	1	24	24	2	2	0	2	0
Pensions	0	0	0	0	0	0	0	0
Premises	70	17	(53)	140	20	(120)	20	0
Transport	1,228	1,209	(20)	2,457	2,495	38	2,673	(178)
Supplies and Services	1,938	3,509	1,572	3,823	4,259	436	3,811	448
Third Party	0	0	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	(726)	0	726	(1,452)	0	1,452	(1,500)	1,500
Income	(772)	(966)	(193)	(1,545)	(2,329)	(784)	(1,875)	(454)
Net Revenue Expenditure	151,024	155,241	4,217	301,995	307,714	5,719	305,678	2,036
Use of Reserves	0	0	0	0	0	0	(752)	752
Financing Requirement	151,024	155,241	4,217	301,995	307,714	5,719	304,926	2,788
Financed by:								
Specific Grants	(158)	0	158	(317)	(178)	139	(178)	0
Net Financial Position	150,865	155,241	4,376	301,678	307,536	5,858	304,748	2,788



Section A LFC Directorate of Preparedness and Response I/E (2/2)

The **Directorate of Preparedness and Response** is responsible for how the Brigade relates to the people it serves (business-to-customer relationships), driving and delivering transformational change, improving culture, and delivering against the Brigade's corporate objectives in its functions. The Directorate incorporates all Fire Stations, Control & Mobilising, Operational Resilience, London Resilience and Central Operations.

Comments Full Year Latest Forecast vs Budget

Operational Staff – overspend of £4,228k

This overspend is largely due to overtime in relation to Public Holiday £648k, Operational £4,781k and Standby £23k, partially offset by vacancies.

The Pre-Arranged Overtime (PAO project) has reduced year to date expenditure on PAO from the comparable period in 2022/23. This has been achieved through improved financial controls and a new Priority Crewing Guide to match resource to risk. In 2022/23, there was an overspend on operational overtime of around £12.5m (excluding National Insurance), the largest component of which was due to PAO. The latest forecast for this financial year (2023/24) is an overspend on operational overtime of around £4.8m, a reduction of £7.7m.

Further ongoing work in this area, such as recruitment to increase operational staffing levels closer to a full establishment, the training plan to reduce skills gaps and a review of absence (including sickness), should improve this position further.

The impact of the October 2023 implementation of the Pension Remedy represents a risk to Operational Staffing forecasts, as the number of staff choosing to retire in the current financial year is not yet clear.

Other Staff – overspend of £468k

This overspend has largely been driven by challenges on delivering the average vacancy margin savings assumed in the budget for this staff group. This remains under review to identify opportunities to manage in-year.

Supplies and Services – overspend of £436k

A range of smaller budget pressures is forecast in Fire Stations (within the Preparedness & Response Directorate) of £372k, including in respect of clothing and materials. Spend in this area is partially offset by additional income received in-year, with increasing cost trend for hygiene and medical supplies submitted as budget growth for 2024/25.

Contingency – overspend of £1,452k

The forecast overspend largely reflects £1,500k efficiency savings that had been targeted from Operational Support Unit reform (OSU). Work on the OSU Strategy is now being updated in light of the new Response Strategy, and the forecast has therefore been revised to reflect that the saving will not be delivered in the current financial year.

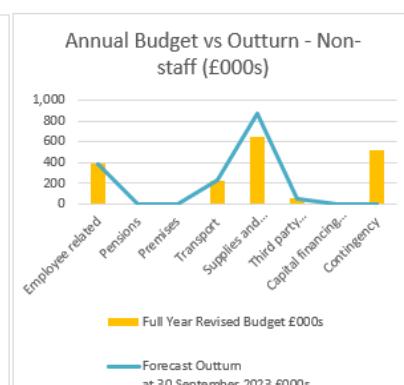
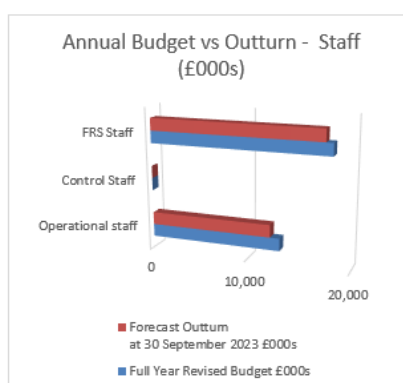
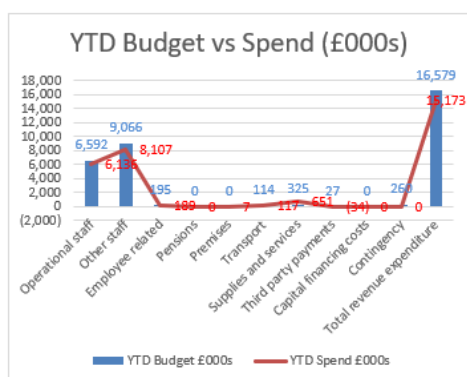
Income – over recovery of £784k

This increased forecast includes £240k above budget income regarding Shut in Lifts charges. The balance refers to additional income in London Resilience Group (LRG) regarding Control of Major Accident Hazards (COMAH) charges of £117k and secondment income of £356k.

Comments Full Year Latest Forecast vs Budget
Specific Grants – under recovery of £139k Assumptions used at the time of budget setting in relation to grant funding in Operational Resilience were overstated, with subsequent review reflected through the reported forecast. An improved approach to budget planning on grants is being taken forward through 2024/25 budget setting.

Section A LFC Directorate of Prevention, Protection and Policy I/E (1/2)

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at 30 September 2023	Variance on Forecast Outturn vs Revised Budget at 30 September 2023	Q1 Previous Forecast Outturn at 30 June 2023	Q2 v's Q1 Movement on Forecast
Operational Staff	6,592	6,136	(457)	13,185	12,238	(947)	12,220	18
Other Staff	9,066	8,107	(958)	18,131	17,420	(712)	16,665	755
Employee Related	195	189	(6)	390	387	(3)	10	377
Pensions	0	0	0	0	0	0	0	0
Premises	0	7	7	0	0	0	0	0
Transport	114	117	3	228	232	4	190	42
Supplies and Services	325	651	326	650	866	216	601	265
Third Party	27	(34)	(61)	53	53	0	53	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	260	0	(260)	519	0	(519)	0	0
Income	(330)	(590)	(260)	(660)	(371)	290	(567)	197
Net Revenue Expenditure	16,249	14,583	(1,666)	32,497	30,826	(1,671)	29,173	1,654
Use of Reserves	(905)	0	905	(1,811)	(1,786)	25	0	(1,786)
Financing Requirement	15,343	14,583	(761)	30,686	29,041	(1,645)	29,173	(132)
Financed by:								
Specific Grants	(322)	0	322	(40)	(87)	(46)	(40)	(46)
Net Financial Position	15,021	14,583	(438)	30,646	28,954	(1,692)	29,132	(178)



Section A LFC Directorate of Prevention, Protection and Policy I/E (2/2)

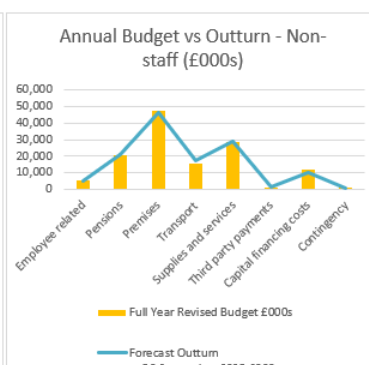
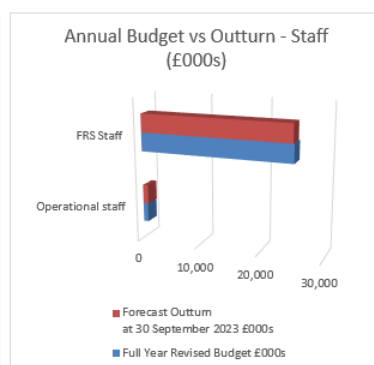
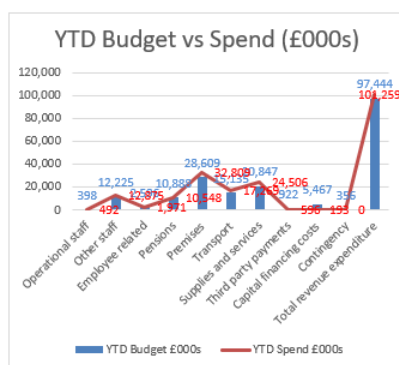
The **Directorate of Prevention, Protection and Policy** is responsible for how the Brigade relates to other businesses and agencies (business-to-business) and is responsible for driving and delivering transformational change, improving culture, and delivering against the Brigade's corporate objectives in its functions. The Directorate incorporates Operational Policy & Assurance and Prevention & Protection (Regulatory and Community).

Comments (Full Year Latest Forecast vs Budget)
<p>Operational Staff – underspend of £947k This underspend relates to Prevention & Protection (Fire Safety Delivery) largely as a result of vacancies within the service. This is due to a skills shortage across the sector which will impact on our ability to undertake inspection of buildings. Various measures are being explored to address this.</p> <p>Other Staff – underspend of £712k This underspend reflects vacancies across FRS staff, and assumptions to the end of the financial year.</p> <p>The underspends reported across both staffing groups reflect vacancies against the approved establishment. A report for decision is progressing through the governance process requesting that the salary underspends are used to fund market rate supplements (skills payments) for FRS qualified staff, as one of several measures seeking to improve staff retention. Options to employ retired staff without pensions being abated are also being explored. £425k has been included in the current year forecast for FRS staff costs in relation to this. This is proposed as an interim arrangement whilst a permanent solution to the challenges is developed, including through the FRS pay review.</p> <p>Supplies and Services – overspend of £216k This overspend largely relates to various budget areas within Prevention and Policy – Service Improvement, and this remains under review.</p> <p>Income – under recovery of £290k This under recovery of income largely relates to environmental searches within Advisory Services of £85k, with the developing reduced trend being monitored, and £155k from a drop in sponsorship income.</p>

Section A LFC Directorate of Corporate Services I/E (1/2)

The **Corporate Services Directorate** supports the LFC's Mission by providing coordinated enabling services and advice in the areas of Finance, Information and Communications Technology, General Counsel, Procurement & Commercial, Property Services and Technical & Service Support.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at 30 September 2023	Variance on Forecast Outturn vs Revised Budget at 30 September 2023	Q1 Previous Forecast Outturn at 30 June 2023	Q2 v's Q1 Movement on Forecast
Operational Staff	398	492	94	797	881	84	882	(1)
Other Staff	12,225	12,875	650	25,169	24,988	(181)	25,314	(326)
Employee Related	2,596	1,971	(625)	5,030	5,144	114	4,366	778
Pensions	10,888	10,548	(341)	20,773	20,773	0	20,773	0
Premises	28,609	32,809	4,201	47,659	46,075	(1,585)	46,063	11
Transport	15,135	17,269	2,134	15,676	17,025	1,349	16,927	98
Supplies and Services	20,847	24,506	3,659	28,745	29,060	315	29,081	(21)
Third Party	922	596	(326)	1,269	1,306	37	1,306	0
Capital Financing	5,467	193	(5,274)	11,524	9,724	(1,800)	9,724	0
Contingency	356	0	(356)	687	739	52	(272)	1,010
Income	(33,792)	(31,432)	2,360	(48,985)	(51,947)	(2,962)	(51,207)	(740)
Net Revenue Expenditure	63,652	69,827	6,175	108,345	103,768	(4,577)	102,958	810
Use of Reserves	(4,334)	0	4,334	(9,868)	(9,254)	614	(8,300)	(954)
Financing Requirement	59,318	69,827	10,509	98,477	94,513	(3,963)	94,658	(144)
Financed by:								
Specific Grants	(25,115)	(21,600)	3,515	(32,270)	(31,870)	400	(31,870)	0
Net Financial Position	34,203	48,227	14,024	66,206	62,643	(3,563)	62,787	(144)



Section A LFC Directorate of Corporate Services I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)

Premises – underspend of £1,585k

This underspend largely reflects a planned revenue contribution to capital of £2,000k no longer required, due to reprofiling of capital spend. See Capital Programme section for more detail. This underspend is being partially offset by inflationary pressure on Private Finance Initiative (PFI) Contract of £224k, and property rates of £148k.

Transport – overspend of £1,349k

This overspend relates to pressures within Property - Technical & Support Service from inflation on the vehicle and equipment contract, alongside an increased trend of accident repairs and wear and tear costs incurred over and above the core contract.

An overspend of £645k on contract spend largely reflects differences in inflation indexation, with actual inflation of just over 8% compared to 5% assumed at the time of budget setting. The budget planning assumption for future years will be further reviewed to reflect experience.

An overspend of £600k on vehicle passthroughs (these are unplanned costs outside of contract) reflects a developing increase in this area. This is broken down by:

- £400k on accident repairs – these will be reviewed quarterly based on driver behaviour changes, with data shared with Fire Stations.
- £200k on NFWT (non-fair wear and tear) on vehicles – work continues with the contractor, Babcock, on engineering solutions to reduce damage as well as highlighting regular incidents to Fire Stations. This will also be reviewed quarterly to identify opportunities to influence future spend.

Supplies & Services – overspend of £315k

The overspend is largely driven by £170k General Counsel costs offset by additional income.

Capital Financing – underspend of £1,800k

This underspend is due to reduced forecast on debt repayment as a result of a revised profile of borrowing to support the capital programme. See Capital Programme Summary for more detail.

Income – over recovery of £2,962k

This over recovery is largely as a result of higher than anticipated interest rates on investment resulting in additional £1,900k income forecast. This will continue to be monitored in-line with Bank of England announcements. There is also additional income of £470k forecast under the Metropolitan Fire Brigades Act.

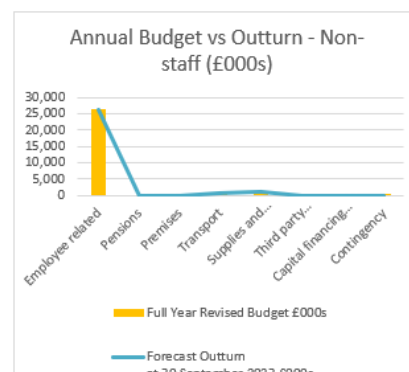
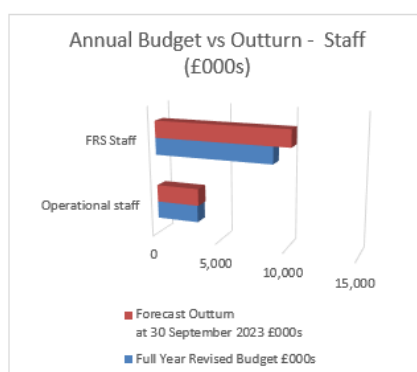
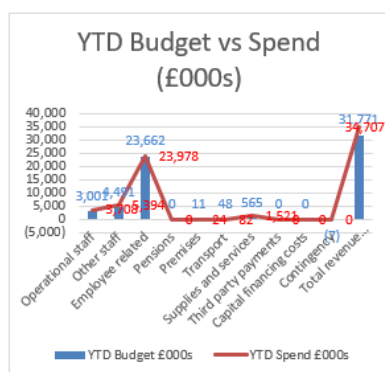
Specific Grants – under recovery of £400k

This under recovery reflects reduced grant income from the Home Office in respect of Firelink which is now being phased out over the next three years.

Section A LFC Directorate for People I/E (1/2)

The **Directorate for People** oversees every aspect of the people who work with the Brigade; the development and wellbeing of everyone in the workplace. The Directorate incorporates the following departments: People Services, Training & Professional Development, and Health & Safety. This is subject to change in relation to structural changes in the directorate.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at 30 September 2023	Variance on Forecast Outturn vs Revised Budget at 30 September 2023	Q1 Previous Forecast Outturn at 30 June 2023	Q2 v's Q1 Movement on Forecast
Operational Staff	3,001	3,708	707	6,002	6,879	877	6,316	563
Other Staff	4,491	5,394	902	8,966	10,247	1,281	10,122	125
Employee Related	23,662	23,978	316	26,532	26,174	(358)	26,726	(552)
Pensions	0	0	0	0	0	0	0	0
Premises	11	24	13	22	27	5	27	0
Transport	48	82	35	95	544	448	459	85
Supplies and Services	565	1,521	957	1,129	1,248	119	498	750
Third Party	0	0	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	(7)	0	7	477	10	(468)	0	10
Income	(364)	(420)	(56)	(729)	(133)	596	(128)	(5)
Net Revenue Expenditure	31,407	34,287	2,881	42,495	44,995	2,501	44,019	977
Use of Reserves	(1,073)	0	1,073	(2,128)	(2,381)	(252)	(30)	(2,351)
Financing Requirement	30,334	34,287	3,953	40,366	42,614	2,248	43,989	(1,374)
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
Net Financial Position	30,334	34,287	3,953	40,366	42,614	2,248	43,989	(1,374)



Section A LFC Directorate for People I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)

Operational Staff - overspend of £877k

The overspend largely relates to trainee firefighter (TFF) staff costs (£800k), specifically the numbers of TFFs being deferred due to performance/development (re-coursed) and sickness related issues. Work is underway to scope out a longer, more flexible Firefighter Development training course that is expected to reduce re-coursing levels. Plans have also been made to introduce a Welfare Team to assist with TFF wellbeing. Investment proposals for both initiatives have been submitted as part of 2024/25 budget planning.

Other Staff – overspend of £1,281k

This overspend is largely due to changes in the leadership of the People Directorate which has been addressed using interim leadership and temporary supernumerary roles to drive improvement and transformation (pending decisions about the future establishment structure).

Employee Related – underspend of £358k

This underspend relates to professional development in L&PD, with updated forecast assumptions on the 2023/24 training contract delivery plan.

Transport – overspend of £448k

This overspend is largely due to additional vehicle costs of £330k and vehicle and equipment contract £111k (unitary payment) for the supply of fire engines to support additional Incident Command Training at the Fire Service College. Much of this is offset by Contingency budget as mentioned below.

Contingency – underspend of £468k

This underspend is being maintained to allow the contingency to mitigate against other overspends anticipated, in particular the vehicle purchases (transfer to fleet) of £330k.

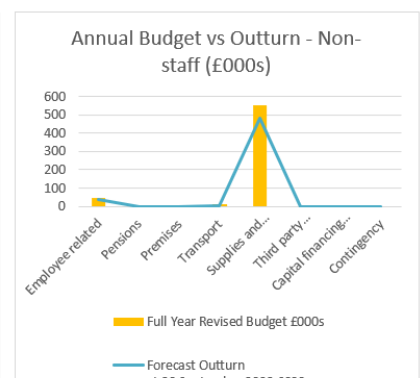
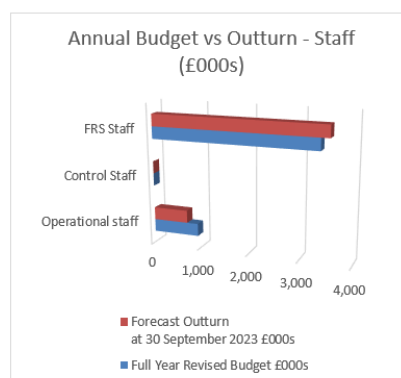
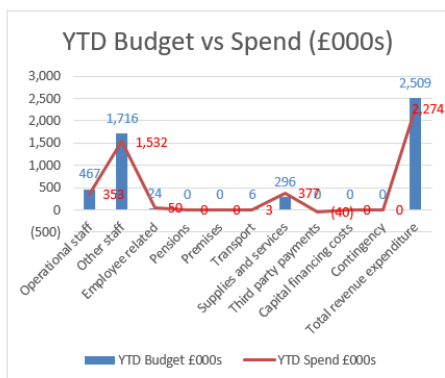
Income – under recovery of £596k

This under recovery is largely due to a reduction in the sub-officer secondments to Babcock. Based on previous trends, a corresponding reduction in operational staff spend would be seen, however this is being offset by other operational staffing overspends. See operational staff comments above.

Section A LFC Directorate for Transformation I/E (1/2)

The **Directorate for Transformation** exists to lead positive change and help shape the future of the Brigade. It provides efficient services and processes across the organisation that better enable the delivery of change and achievement of the ambition in the Community Risk Management Plan. Those services include enterprise risk management and assurance, performance management, portfolio and change management, external compliance (e.g. HMI) and strategic planning. Its focus is on enabling staff to deliver the transformation commitments to ensure safety for the community, colleagues and future residents of London.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at 30 September 2023	Variance on Forecast Outturn vs Revised Budget at 30 September 2023	Q1 Previous Forecast Outturn at 30 June 2023	Q2 v's Q1 Movement on Forecast
Operational Staff	467	353	(114)	934	705	(229)	704	1
Other Staff	1,716	1,532	(184)	3,368	3,541	173	2,698	844
Employee Related	24	50	26	44	40	(4)	40	0
Pensions	0	0	0	0	0	0	0	0
Premises	0	0	0	0	0	0	0	0
Transport	6	3	(3)	12	3	(8)	3	0
Supplies and Services	296	377	80	552	481	(71)	434	47
Third Party	0	(40)	(40)	0	0	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0
Income	0	(1)	(1)	0	(2)	(2)	(2)	0
Net Revenue Expenditure	2,509	2,273	(236)	4,910	4,769	(141)	3,877	892
Use of Reserves	(707)	0	707	(1,348)	(1,281)	66	0	(1,281)
Financing Requirement	1,802	2,273	471	3,562	3,488	(75)	3,877	(390)
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
Net Financial Position	1,802	2,273	471	3,562	3,488	(75)	3,877	(390)



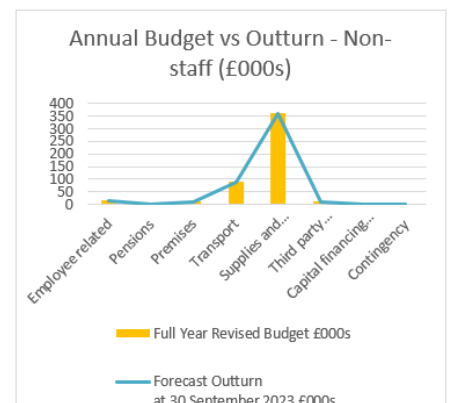
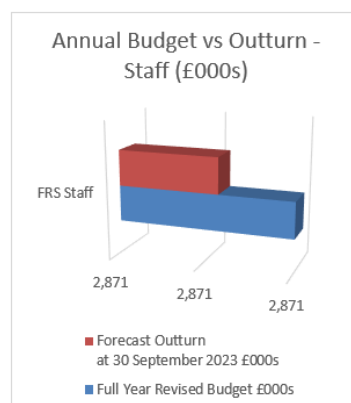
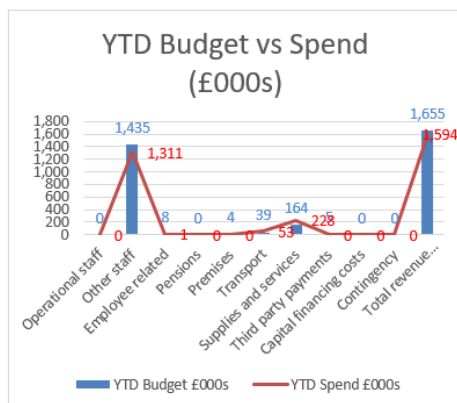
Section A LFC Directorate for Transformation I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)
<p>The Transformation Directorate is still developing, with recruitment and embedding of staff ongoing. Alignment of total net budget will therefore be reviewed as implementation progresses during the year.</p> <p>Operational Staff – underspend of £229k Other Staff – overspend of £173k</p> <p>The current forecast reflects timing and profile of recruitment within the service, with the £844k movement from that reported at Q1 reflecting agreed use of CRMP reserve (Community Risk Management Plan), which has now been reflected on page 20 under 'Use of Reserves'.</p>

Section A LFC Directorate of Communications I/E (1/1)

The **Directorate of Communications** oversees Internal and External Communications, and Stakeholder and Community Engagement for the London Fire Commissioner.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at 30 September 2023	Variance on Forecast Outturn vs Revised Budget at 30 September 2023	Q1 Previous Forecast Outturn at 30 June 2023	Q2 v's Q1 Movement on Forecast
					September 2023	September 2023	at 30 June 2023	
Operational Staff	0	0	0	0	0	0	0	0
Other Staff	1,435	1,311	(125)	2,871	2,871	(0)	2,871	(0)
Employee Related	8	1	(7)	15	15	0	15	0
Pensions	0	0	0	0	0	0	0	0
Premises	4	0	(4)	10	10	0	10	0
Transport	39	53	15	90	90	0	90	0
Supplies and Services	164	228	65	361	361	0	361	0
Third Party	5	0	(5)	11	11	0	11	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0
Income	0	5	5	(17)	(17)	0	(17)	0
Net Revenue Expenditure	1,655	1,599	(56)	3,341	3,341	(0)	3,341	(0)
Use of Reserves	0	0	0	0	0	0	0	0
Financing Requirement	1,655	1,599	(56)	3,341	3,341	(0)	3,341	(0)
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
Net Financial Position	1,655	1,599	(56)	3,341	3,341	(0)	3,341	(0)



Section A LFC Directorate of Communications I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)
<p>No material variances are currently anticipated at year end.</p> <p>Investment in additional staff agreed as part of the 2023/24 budget is progressing in line with plans, with lead in time for recruitment being managed against the budgeted vacancy factor.</p>

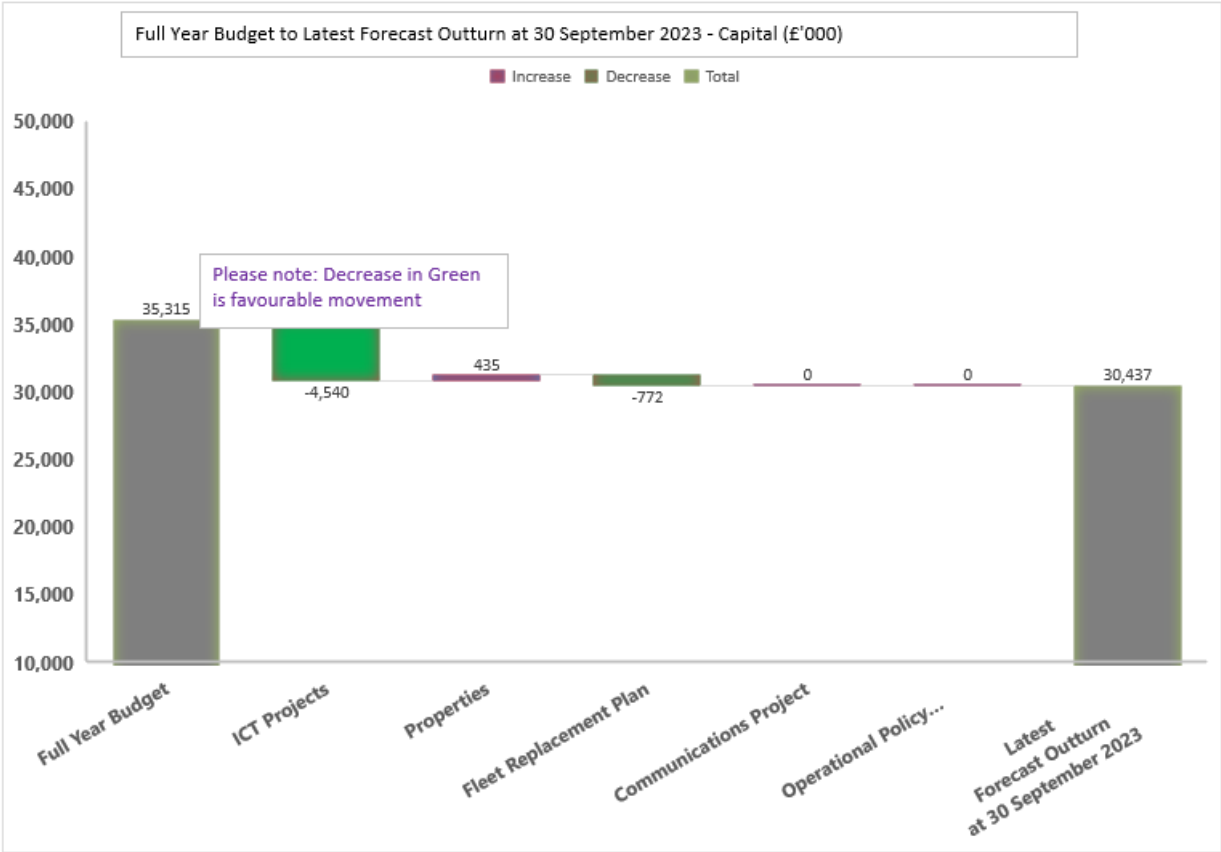
Section B LFC Capital Summary Main Table

The Capital Budget for 2023/24 was set at £35,400k and was approved as part of the Final Budget 2023/24 (LFC-23-029). This budget was adjusted to £35,315k to reflect the capital outturn position, and re-phasing of the capital programme at Q1. The forecast outturn on the capital programme at Q2 is £30,437k, a reprofiling of £4,878k.

The LFC has undertaken a review of its approach to the management of the capital programme, and the report and recommendations from a Capital Review were considered at the Investment & Finance Board on 3 August. An action plan is now being developed and progress against this will be reflected in future financial reporting.

London Fire Commissioner Capital Summary (£'000s)					
LFC Capital (£'000s)	Full Year Budget	Latest Forecast Outturn at 30 September 2023	Variance on Latest Forecast Outturn vs Revised Budget at 30 September 2023	Previous Forecast Outturn at 30 June 2023	Variance on Latest Forecast Outturn at 30 September 2023 vs Previous Forecast Outturn at 30 June 2023
ICT Projects	9,980	5,440	-4,540	6,026	-586
Properties	16,416	16,851	435	16,364	487
Fleet Replacement Plan	3,185	2,413	-772	3,003	-590
Communications Project	0	0	0	0	0
Operational Policy Equipment	5,734	5,734	0	5,734	0
Total Capital Expenditure	35,315	30,437	-4,878	31,126	-689
Financed by:					
Reserves	0	250	250	250	0
Capital Receipts	0	243	243	0	243
Capital Grants	0	0	0	0	0
External Borrowing	35,315	29,944	-5,371	30,876	-932
Total Financing	35,315	30,437	-4,878	31,126	-689

Section B LFC Capital Summary - Budget to Latest Forecast (1/2)



Section B LFC Capital Summary - Budget to Latest Forecast (2/2)

Comments

Full Year Latest Forecast vs Budget

Overall, a reprofiling of £4,878k is reported on the capital programme.

ICT Projects - reprofiling of £4,540k

This underspend relates to several projects as outlined below.

Control & Mobilisation System (CAMS) project - £2,000k re-phased due to procurement delays. There have been delays in issuing the tender for this project with legal and procurement colleagues finalising the specification to ensure a robust procurement process. The expenditure on this project will be re-profiled to reflect this.

Core Network Component Replacement project (CNCR) - £500k re-phased following changes in technology and security posture that require a re-design of the network, and so formal approval through governance is now expected, and time to allow this is reflected in the project timeline.

Data Centre Switches Replacement - £293k has been re-phased and this project now merged with the CNCR project above.

Operational Risk Database (One Risk) - £661k has been re-phased, following the Project Board decision to pause the project, to develop an alternative delivery approach and re-shape some of the requirements. This is to address the challenges experienced in the project to date as well recognising that several of the recommendations from the Grenfell Tower Inquiry associated with One Risk, particularly those relating to high-rise requirements, have now been delivered. Revised proposals are expected to be presented to the Project Board in Q3.

Appliance workload Application - £500k has been re-phased as there is an interdependency with Project One Risk above.

Property Project - reprofiling of £435k

The forecast now includes projects brought forward from future years in relation to HQ Relocation of £800k, and Lambeth Riverside Development of £786k.

In addition, the Privacy for All project is forecasting a £208k overspend, and Plumstead Fire Station re-development project is forecasting an overspend in-year of £200k due to construction work being ahead of programme. These variances are largely offset by Security Improvements at Stations project, where this has not advanced as programmed due to delays in awarding the contract.

Fleet Replacement Plan - reprofiling of £772k

Programme profile has been reprofiled to reflect that some planned equipment expenditure will now be delivered in 2024/25. Lightweight Portable Pumps, FRU Jacks, Major Lighting units, Folding Roof Ladders and five other smaller projects have been pushed back to 2024/25. The Lightweight portable Pumps project was pushed back due to the dependency on Operational Support Units (OSU) replacement projects.

Summary – Savings and Investments Update (1/2)

The table below presents the current status of savings agreed as part of the budget 2023/24. The position will continue to be reviewed through the financial year, to ensure savings are delivered or potential non-delivery identified at the earliest opportunity.

Reference	Area	Saving Title	Savings Budget 2023/24	Status Update - will we meet target?
Current	Property	Office Supplies	17	On-track
Fin 1C	Finance	MFB Act Income	500	On-track
ICT - S15C	ICT	Staffing	70	On-track
ICT - S06P	ICT	Data Platform	180	On-track
ICT - S10P	ICT	Incident Command Operating System	125	On-track
ICT - S11P	ICT	Staffing	299	On-track/Achieved
ICT - S15P	ICT	Staffing	70	On-track
11P	Procurement and Commercial	Insurance Claim Settlements	-150	On-track
Proc1C	Procurement and Commercial	Personal Protective Equipment (PPE) Contract	61	On-track
Proc2C	Procurement and Commercial	Scientific Services Contract	34	On-track
Proc5C	Procurement and Commercial	Undress Uniforms	150	High Risk
	Corporate Services	Total	1,356	
Current	Communications	Internal Communications	44	On-track
	Communications	Total	44	
PS2P	People	Staffing	54	On-track
PS3P	People	Recruitment Advertising	8	On-track
Current	People	Staffing	18	On-track
LaPD1&2C	Learning and Professional Development	Miscellaneous	2	On-track/Achieved
LaPD3C	Learning and Professional Development	The Organisational Learning and Professional Development Strategy	350	On-track/Achieved
H&S 1P & H&S 1C	Health and Safety	Staffing	35	On-track
	People	Total	467	
	Operational Resilience	Grants	178	On-track
LRG4P	London Resilience	Recruitment Advertising	4	On-track
FS1	Fire Safety	Review of budgets across the dept	166	Moderate Risk
FS2P	Fire Safety	Policy Teams Review	23	High Risk
FS15P	Fire Safety	Reduce Team Leader cadet down from 16 to 14 – delete 2 SC	86	On-track/Achieved
	Operational Delivery	Total	457	
	LFB	Total	2,324	

The savings currently identified as at risk are considered further below.

Fire Safety £166k and £23k – these savings have been reviewed and are now expected to reduce by £47k to £142k in total.

Procurement & Commercial £150k - a review of the requirements on clothing and uniform for staff, including undress uniform, is being progressed as part of addressing the recommendations from the Culture Review, and it is therefore unlikely a saving will be made in this area.

In addition to the savings identified above, further efficiency targets were included in the Final budget 2023/24 and currently held in Contingency, as below.

- £1.5m Operational Support Unit reform savings. This was outside the departmental savings process and came from the Efficiency Review. This is currently assessed as a red risk (high risk) for this financial year, and work on the OSU strategy is being updated in light of the new Response Strategy. The reported forecast at Q2 assumes no savings delivery in the current financial year.
- £300k from Investment and Finance Board targeted reviews, with a commitment to developing savings opportunities in year through deep dive reviews.

Summary – Savings and Investments Update (2/2)

The table below presents the current status of investment agreed as part of the budget 2023/24. The position will continue to be reviewed through the financial year, to ensure investments are delivered or potential non-delivery identified at the earliest opportunity.

Ref	Area	Investment Title	Investment Budget 2023/24	Status Update - will investment continue as planned in 23/24 Budget
LFC – 0738 (section 5.1)C	Commissioners Secretariat	Reintroduction of a second Operational Director post	240	Yes
LPB	Commissioners Secretariat	Local Pensions Board	15	Yes
	Commissioners Secretariat	EA	50	Yes
	Commissioners Secretariat	Total	305	
Current	Finance	Training	15	Yes
Current	General Counsel	Supplies	25	Yes
Current	General Counsel	Supplies	6	Yes
ICT001C	ICT	Supplies	40	Yes
Previous	ICT	Supplies	281	Yes
Previous	ICT	Supplies	30	Yes
Previous	ICT	Supplies	157	Yes
Previous	ICT	Supplies	143	Yes
Proc3C	Technical & Commercial	Supplies	247	Yes
Current	Property	Enhanced cleaning proposals	329	Yes
Current	Property	Enhanced cleaning proposals - PFI stations	53	Yes
	Corporate Services	Total	1,326	
Current	Comms	Staffing	20	Yes
Current	Comms	Staffing	57	Yes
Current	Comms	Staffing	44	Yes
Current	Comms	Staffing	44	Yes
Current	Comms	Staffing	57	Yes
Current	Comms	Staffing	71	Yes
Current	Comms	Staffing	8	Yes
Current	Comms	Staffing	8	Yes
Current	Comms	Staffing	7	Yes
Current	Comms	Staffing	22	Yes
Current	Comms	Staffing	22	Yes
Current	Comms	Staffing	71	Yes
Current	Comms	Training	15	Yes
Current	Comms	Activity Based	100	Yes
	Communications	Total	546	
LaPD-PDR	Learning and Professional Development	Removal of PDR	468	Yes
Current	People	Occupational Health	412	Yes
Current	People	Staffing	-38	Yes
	People	Total	842	
Previous	Fire Safety		126	Yes
Previous	Fire Safety		56	Yes
	Prevention & Protection	Advisory Services - Income	54	Yes
	Prevention & Protection	Cadet Services – Income reduction	150	Yes
Current	Operational Resilience		146	Yes
	Operational Policy		297	Yes
Current	Operational Resilience		350	Yes
Current	Operational Resilience		379	Yes
	Operational Delivery	Total	1,558	
	LFB	Total	4,577	

Summary – Reserves Position Update (1/2)

The balance on Reserves at March 2024 is forecast at £74,812k, a movement of £30,619k against the opening balance at March 2023 of £105,432k.

The revised forecast balance at March 2024 is a reduction of £4,918k on the £79,730k set out in the Final Budget 2023/24 (LFC-23-029), and an increase on the £73,279k reported at Q1. Total net use of reserves in-year has decreased by £112k on that reported at Q1, with the remaining change being as a result of updated opening balances following the completion of the 2021/22 audit.

New service demands are being identified in-year that may require reserves funding, and in particular impact on the Budget Flexibility Reserve (BFR). The corporate reserves position remains under review and will be updated in future financial reporting.

Outcome of the 2021/22 Audit

A national backlog in the auditing of public sector annual accounts has led to delays for many organisations, with the audit of the LFC's 2021/22 Statement of Accounts being completed in July 2023. Following completion of that audit, the 2023/24 opening balances have been updated where required. The timeline for the audit of the 2022/23 accounts is still not known, and therefore opening balances may be updated further in due course.

General Reserve

The balance on the General Reserve at March 2024 is forecast at £17,038k, which is 3.5 per cent of the Net Revenue Expenditure (NRE) budget of £486,804k. This includes an increased in-year transfer of £3,349k from the Budget Flexibility Reserve, following the review of opening balances as a result of the 2021/22 audit. This represents an increase of £2,698k on that reported previously.

Budget Flexibility Reserve (BFR)

The balance on the BFR at March 2024 is now forecast at £9,458k, a net movement of £15,311k against the opening balance of £24,769k. This reflects the increased draw to the General Reserve as above. Change in drawdown from the BFR since that reported at Q1 is £3,910 with the key in-year revisions set out below:

Use of BFR		Amount £'000s
Opening Draw	As set out in the Final Budget Plan	6,300
Reported at Q1	Forecast Overspend (at Q1)	2,072
	Training Plan additional spend (LFC-23-073)	2,083
	National Operational Guidance Implementation (LFC-23-051)	358
	People Services external complaints service (CMP) (LFC-23-044)	750
Changes for Q2	Increase in Forecast Overspend (at Q2)	705
	Transfer to General Reserve	2,698

Earmarked Reserves

The balance on earmarked reserves at March 2024 is forecast at £48,317k, a net movement of £18,657k against the opening balance of £66,974k. The table below summaries movements on all reserves.

Summary – Reserves Position Update (2/2)

		YTD - Q2		Current Full Year Forecast for 2023/24 as at 30 September 2023		Previous Full Year Forecast as at 30 June 2023		Previous Full Year Forecast as per Budget Plan	
		Reserve Movements	Balance at 30/09/24	Full Year Forecasted use of Reserves	Forecasted Balance at 31/03/2024	Full Year Forecasted use of Reserves	Q2 Movement on Q1	Full Year Forecasted use of Reserves	Q2 Movement on Budget Plan
LFB Reserves £'000	Balance at 01/04/23								
Capital Expenditure Reserve	7,045		7,045	(7,045)	0	(7,045)	0	(7,045)	0
Central Programme Office	328		328	(328)	0	(328)	(0)	0	(328)
Compensation	925		925		925	0	0	0	0
Covid-19			0		0	2	(2)	0	0
Emergency Medical Response	294	(294)	0	(294)	0	(294)	0	0	(294)
Emergency Services Mobile Communication Programme	888	44	932	89	976	44	45	0	89
Fire Safety and Youth Engagement	8,189	(1,428)	6,761	(1,428)	6,761	(2,000)	572	(2,100)	672
Grenfell Infrastructure Reserve	503	(166)	338	(503)	0	(503)	(0)	(600)	97
Hydrants	119		119	(119)	0	(119)	(0)	(119)	(0)
ICT Development Reserve	2,663		2,663	(967)	1,696	(967)	0	(200)	(767)
In Year Savings Reserve	3,600	(3,600)	0	(3,600)	0	(3,600)	0	(2,000)	(1,600)
LFB Museum Project	179		179	(120)	59	(120)	0	(120)	0
LFC Control Centre	729	(729)	0	(729)	0	(729)	0	0	(729)
London Resilience	771		771	(771)	0	(739)	(32)	(771)	0
Community Risk Management Plan	5,588	(1,253)	4,335	(2,030)	3,557	(2,278)	248	(2,700)	670
Organisational Reviews	150	(150)	0	(150)	0	(150)	0	0	(150)
Pension Earmarked Reserve	1,564		1,564	(1,000)	564	(1,000)	0	0	(1,000)
Recruitment Reserve		1,342	1,342	1,342	1,342	1,342	(0)	0	1,342
Sustainability	170		170		170	0	0	0	0
Vehicle & Equipment Reserve	2,159	140	2,299	(1,156)	1,003	(1,156)	(0)	(1,300)	144
Leadership Reserve	350		350		350	(150)	150	0	0
MTA Reserve	997	(786)	211		997	(119)	119	(600)	600
Legal Reserve		107	107	107	107	107	0	(200)	307
Communications	83	114	197	31	114	31	0	0	31
Fire Safety Improvement	29,680		29,680		29,680		0	0	0
Finance Reserve		15	15	15	15	15	0	0	15
TOTAL Earmarked Reserves	66,974	(6,644)	60,331	(18,657)	48,317	(19,756)	1,099	(17,755)	(902)
Budget Flexibility	24,769	(8,513)	16,256	(15,311)	9,458	(11,401)	(3,910)	(6,300)	(9,011)
General Reserve	13,689		13,689	3,349	17,038	651	2,698	0	3,349
TOTAL Reserves	105,432	(15,157)	90,276	(30,619)	74,813	(30,506)	(113)	(24,055)	(6,564)

Summary – Revenue Budget Movements (Q1 vs Q2) Update (1/1)

The budget figures as at Q1 set out in the table below reflect the budget profile reported as part of the 30 June 2023 financial position. The revised budget takes account of movements since that time that have been approved through delegated authority governance, mainly as a result of the application of agreed use of reserves in-year.

LFC Revenue (£'000s)	Revised Budget as at Q1	Revised Budget as at Q2	Variance
Operational Staff	306,917,213	306,956,976	39,763
Other Staff	69,194,470	71,037,202	1,842,732
Employee Related	29,028,158	32,012,504	2,984,346
Firefighter Pensions - Injury & Ill Health	20,772,662	20,772,662	0
Premises	47,831,189	47,831,189	0
Transport	18,469,533	18,558,030	88,497
Supplies and Services	33,459,705	35,260,861	1,801,156
Third Party	1,333,134	1,333,134	0
Capital Financing	11,524,000	11,524,000	0
Contingency	25,757	232,146	206,389
Income	-51,744,596	-51,935,703	-191,107
Net Revenue Expenditure	486,811,225	493,583,002	6,771,777
Use of Reserves	-8,383,624	-15,155,401	-6,771,777
Financing Requirement	478,427,601	478,427,601	0
Financed by:			
Specific Grants	-32,627,601	-32,627,601	0
GLA Funding	-445,800,000	-445,800,000	0
Net Financial Position (Outturn)	0	0	0

The total Net Expenditure Budget at Q2 is £493,583k, a movement of £6,772k against the budget reported at Q1. This largely reflects the profile of reserve funded spend approved through relevant governance, with key changes being:

- Other Staff
 - £802k in Transformation Directorate reflecting in-year use of approved CRMP drawdown
 - £1,021 in Prevention, Protection & Policy largely in respect of Protection Board spend
- Employee Related
 - £2,083k within People Directorate in relation to training contract from Budget Flexibility Reserve
- Supplies and Services
 - £750k in People Directorate for external complaints service from Budget Flexibility Reserve
 - £742k in Preparedness & Response (Operational Resilience) for Marauding Terrorist Attack equipment
 - £400k in Transformation Directorate reflecting in-year use of approved CRMP reserve drawdown

Summary – Key Performance Indicators (Aged Debt) Update (1/2)

The table below provides a summary of the key outstanding debtors, where action is required to ensure recovery of sums due to the LFC. The key debtors are presented as Lifts, where charges are raised against lift owners, and Other. The recovery of Lift invoices can be challenging as lift owners will not have requested the LFB's services, but rather someone in the lift.

The LFC does have other income due, but this is recovered in a specific manner under particular rules and processes and is therefore not covered by this regular debtor monitoring.

A revised debt recovery policy continues to be implemented, and with a review of old debts to be undertaken as resources allow.

Accounts Receivable work closely with invoice raising departments, providing monthly debtor reports, and to review and actively chase all outstanding debt over 28 days old, and will refer for legal action where appropriate to assist debts being recovered in a timely manner.

The total outstanding debt as at 30 September 2023 is £3,561k, with £2,683k (75% of the total outstanding) over 30 days old.

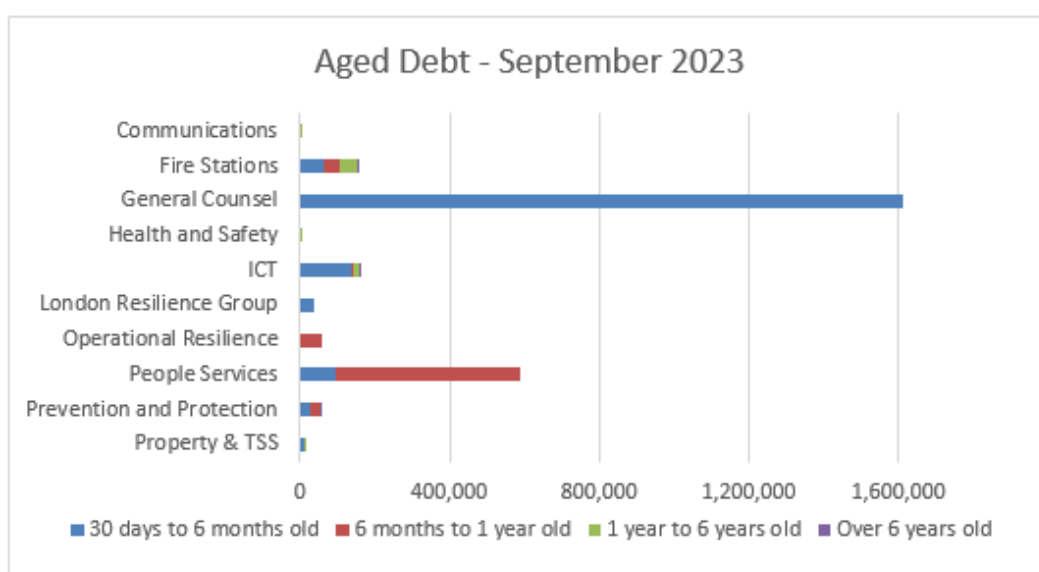
The table below shows the breakdown of this debt by age.

Amount Outstanding (£)	Other	LIFTs	Grand Total
under 30 days	833,314	44,554	877,868
30 days to 6 months old	1,919,368	65,083	1,984,451
6 months to 1 year old	576,699	43,243	619,942
1 year to 6 years old	27,910	43,956	71,866
Over 6 years old	7,031		7,031
Grand Total	3,364,322	196,836	3,561,158

Summary – Key Performance Indicators (Aged Debt) Update (2/2)

The tables below show the departments with the majority of the outstanding debts, over 30 days, are being managed.

Amount Outstanding (£)	30 days to 6 months old	6 months to 1 year old	1 year to 6 years old	Over 6 years old	Grand Total
Property & TSS	9,240		1,980		11,220
Prevention and Protection	27,768	23,651	4,221	5,420	61,060
People Services	94,543	495,949			590,492
Operational Resilience		56,819			56,819
London Resilience Group	35,921				35,921
ICT	139,392	1,590	15,590	420	156,992
Health and Safety			1,712		1,712
General Counsel	1,612,235				1,612,235
Fire Stations	65,083	41,933	44,145	1,191	152,352
Communications			2,882		2,882
Grand Total	1,984,182	619,942	70,530	7,031	2,681,686



Summary – Risks to the Financial Position Update

The table below presents a summary of the key risks to the LFC's financial position.

Likelihood	5					*Operational Budget Volatility
	4			*Replacement Vehicles & Equipment	*Inflation	*Pensions Remedy
	3		*Capital Rephasing *ESN *Command Support System *Systems Development, *Water Hydrants, *HGV Driver Shortage	*Failure to deliver planned savings and efficiencies, *Telecommunications Income, *Cost of Borrowing	*Property Disposal *New Unfunded Pressures	
	2		*TDP *Legal Cost, Contractor Default, *Third Party Collaboration *Debt Charges		*MFB Act Income *Fire Station Refurbishment	
	1					
		1	2	3	4	5
		Impact				

The highest rated risks currently for the current year are:

- Operational Budget Volatility – the LFC experienced significant additional costs in 2022/23 on operational overtime. Additional measures have been put in place to address this, and significant cost reductions have been seen in the current year. However, this remains under close review.
- Pensions Remedy – the pension remedy that impacts public sector pensions has been implemented from October 2023. This presents risks to the LFC in managing the direct costs, but the greater risk relates to the potential number of leavers/retirements as the remedy is implemented and the action necessary to address this. Operational staffing forecasts remain under review as the impact in the current financial year becomes clearer.
- Inflation and pay – there continues to be significant uncertainty on inflationary pressure, and whilst there has been positive movement on the overall level of inflation this continues to be volatile, and with significant differences in the inflation experienced in different sectors/markets. This will also have an impact on next year's budget planning for inflation and staff pay.

Summary – Climate Budget Reporting

The LFC is required to report on a quarterly basis to show progress on the agreed and funded projects set out in their Climate Budgeting commitments. This should be incorporated into quarterly reporting as a new standalone section 'Climate budget reporting'.

Two KPIs should be included in this update, on *progress on implementing funded and unfunded climate budget measures*, providing a RAG rating on progress and a short explanatory narrative for the ratings reported.

The quarterly RAG status on the two KPIs for Q2 is provided below:

Overall assessment of progress against Climate Budget 23-24	Quarterly RAG
	Q2
Progress against funded climate measures	Green
Progress against unfunded climate measures	Red

Funded climate measures - Green

The projects identified as part of the funded climate measures are progressing as planned and will be delivered in line with the 2024 delivery dates.

Unfunded climate measures - Red

Green Finance Funding for an electrical upgrade at 55 stations has been applied for and Salix funding is currently being explored for a further 9 sites, however many projects remain unfunded. The LFC continues to explore all possible funding opportunities from Government and the GLA Green Finance funding sources.

Future Reporting

It is planned that these KPIs will be incorporated into the LFC's quarterly performance report, rather than the finance report, from Q3.

Finance comments

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

Workforce comments

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

Legal comments

3. The report is a financial monitoring report detailing spend against revenue and capital budgets, and is for information only, therefore no direct legal implications arise.
4. It is submitted in accordance with Part 6 (Financial Regulations) of the London Fire Commissioner's Scheme of Governance which sets out detailed rules covering financial planning, monitoring, control, systems, procedures and insurance.
5. Specifically, this report fulfils the obligations of section 8 (g) of the Financial Regulations which stipulates, inter alia, that following consultation with the relevant Heads of Service, the Director of Corporate Services shall present budget monitoring reports to the relevant Board regularly.
6. In London, the Mayor appoints a London Fire Commissioner (LFC) under s327A of the Greater London Authority Act 1999 (GLAA), as corporation sole, who in addition to being the fire and rescue authority may have an operational role.
7. Section 327A(5) of the GLAA requires the LFC to secure that the London Fire Brigade is efficient and effective. The Mayor must hold the LFC to account for the exercise of the LFC's functions in accordance with Section 327A(8) of the GLAA.

Sustainability implications

8. There are no direct sustainable implications arising from this report.

Equalities implications

9. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when exercising our functions and taking decisions.
10. It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
11. The protected characteristics are Age, Disability, Gender reassignment, Pregnancy, and maternity, Marriage, and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), Race (ethnic or national origins, colour, or nationality), Religion or belief (including lack of belief), Sex, and Sexual orientation.
12. The Public Sector Equality Duty requires us, in the exercise of all LFC functions (i.e., everything the LFC does), to have due regard to the need to:
 - a) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
13. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;

- c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
14. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
 15. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
 - (a) tackle prejudice, and
 - (b) promote understanding.
 16. Consultation with the Inclusion Team has taken place with regard to this financial position. The outcomes have been considered when coming to the conclusions in this report. There are no direct equality impacts arising from this statement of financial position, however an equality impact assessment was undertaken on the 2022/23 budget proposals.

Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

Is there a Part Two form: YES/NO*

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer

David O'Sullivan has drafted this report and confirms the following:

Assistant Director/Head of Service

Adrian Bloomfield has reviewed the documentation and is satisfied for it to be referred to Board for consideration.

Advice

The Finance and Legal teams have commented on this proposal;

Thomas Davies Legal Advisor, on behalf of General Counsel (Head of Law and Monitoring Officer)

Adrian Bloomfield Financial Advisor, on behalf of the Chief Finance Officer