

# FY 2023/24 – Q3 Finance Position Report

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**Report to:**

Investment & Finance Board.....	01 February 2024
Commissioner's Board .....	15 February 2024
Deputy Mayor's Fire and Resilience Board.....	28 February 2024
Audit Committee .....	26 February 2024

**Date:**

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**Report by:**

Adrian Bloomfield  
Assistant Director - Finance

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**Report classification:**

For information

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**For publication**

# PART ONE

## Non-confidential facts and advice to the decision-maker

### Executive Summary

This report presents the London Fire Commissioner's (LFC) Q3 Financial Position Report as at the end of December 2023 (Period 9). It provides information on financial performance against both Revenue and Capital budgets.

#### **Recommended decision(s)**

To note the Q3 Finance Position as at the end of December 2023 (Period 9).

#### **For the London Fire Commissioner**

None.

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## **Introduction and background**

This report presents the Q3 Financial Position as at the end of December 2023 (Period 9). 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 provided 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.

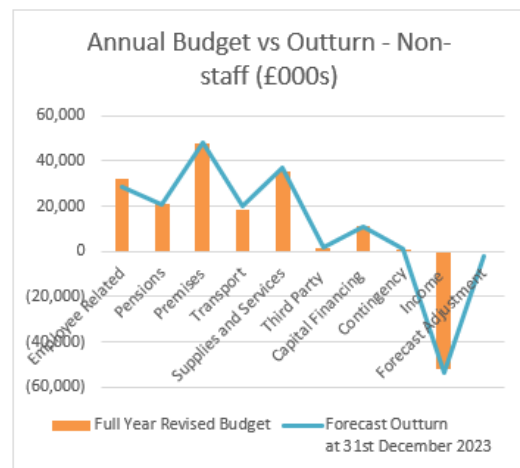
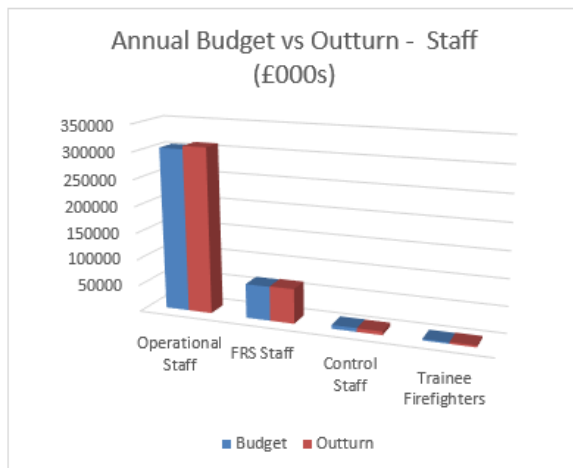
### **3 Statement of Accounts 2022/23**

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.

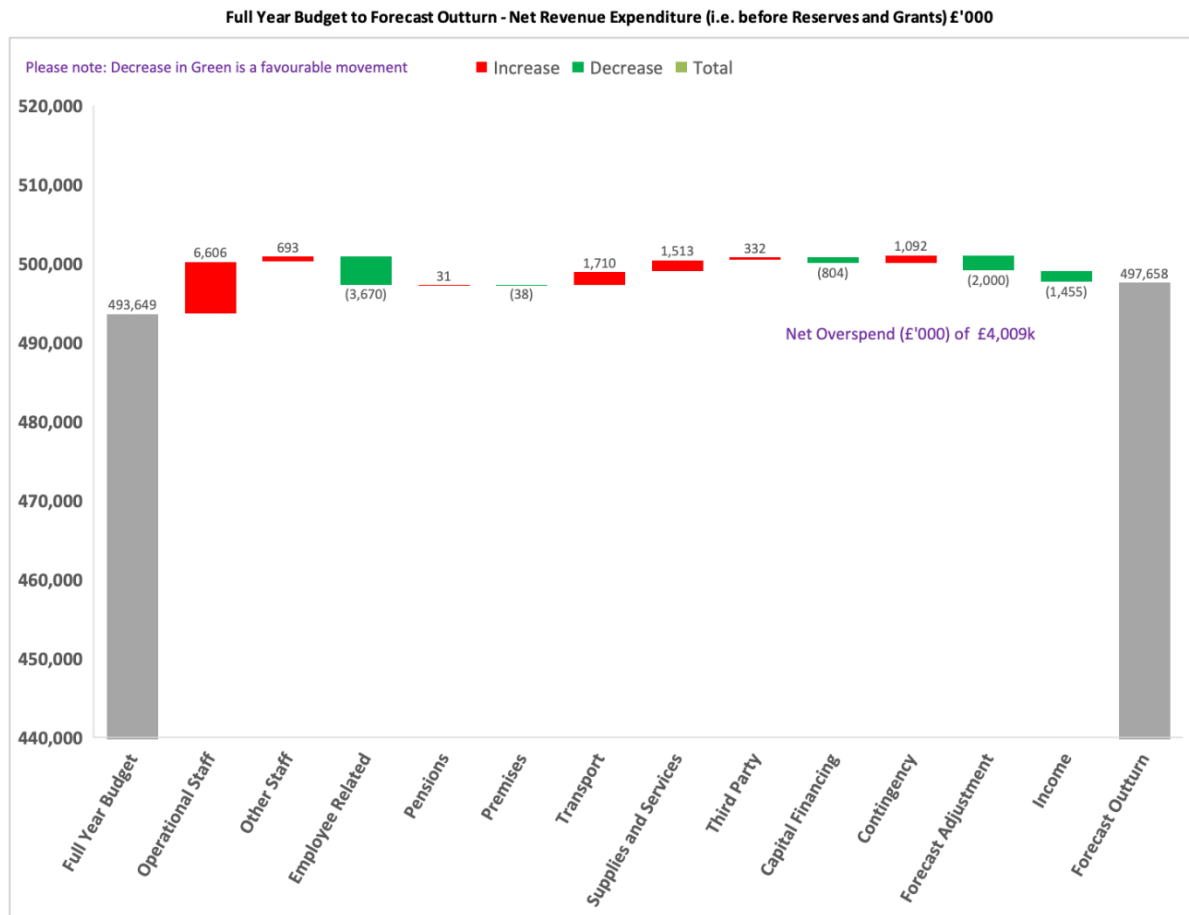
## Section A LFC Revenue Summary Main Table

The table below sets out the Q3 Finance Position for LFC.

London Fire Commissioner Revenue Summary (£'000s)								
LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at 31st December 2023	Variance on Forecast Outturn vs Revised Budget at 31st December 2023	Reported Forecast Outturn at 30th September 2023	Q3 v's Q2 Movement on Forecast
Operational Staff	230,357	235,081	4,724	307,143	313,748	6,606	310,970	2,778
Other Staff	53,249	54,775	1,526	71,438	72,131	693	72,067	64
Employee Related	29,144	28,351	(793)	32,013	28,342	(3,670)	31,762	(3,419)
Pensions	15,793	15,794	1	20,773	20,804	31	20,773	31
Premises	38,956	44,626	5,670	47,831	47,793	(38)	46,132	1,661
Transport	17,564	19,458	1,893	18,558	20,268	1,710	20,389	(121)
Supplies and Services	29,698	39,255	9,557	35,261	36,774	1,513	36,276	497
Third Party	1,017	1,013	(5)	1,333	1,665	332	1,370	294
Capital Financing	8,348	193	(8,155)	11,524	10,720	(804)	9,724	996
Contingency	(115)	0	115	6	1,098	1,092	748	349
Income	(47,684)	(36,090)	11,593	(52,229)	(53,684)	(1,455)	(54,798)	1,114
Forecast Adjustment	0	0	0	0	(2,000)	(2,000)	0	(2,000)
<b>Net Revenue Expenditure</b>	<b>376,328</b>	<b>402,454</b>	<b>26,126</b>	<b>493,649</b>	<b>497,658</b>	<b>4,009</b>	<b>495,413</b>	<b>2,245</b>
Use of Reserves	(11,137)	0	11,137	(15,222)	(14,842)	380	(14,702)	(140)
<b>Financing Requirement</b>	<b>365,191</b>	<b>402,454</b>	<b>37,263</b>	<b>478,428</b>	<b>482,817</b>	<b>4,389</b>	<b>480,711</b>	<b>2,105</b>
Financed by:								
Specific Grants	(24,622)	2,600	27,222	(32,628)	(32,135)	493	(32,135)	0
GLA Funding	(334,350)	(84,114)	250,236	(445,800)	(445,800)	0	(445,800)	
<b>Net Financial Position</b>	<b>6,219</b>	<b>320,940</b>	<b>314,721</b>	<b>0</b>	<b>4,882</b>	<b>4,882</b>	<b>2,777</b>	<b>2,105</b>



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



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

<div>Comments</div> <div>Full Year Latest Forecast vs Budget</div>
<p>The full year forecast outturn at 31 December 2023 shows a net overspend (after reserves and grants) of £4,882k.</p> <p><b>Operational Staff - overspend of £6,606k</b> This overspend is largely due to the impact of operational overtime in Fire Stations, partially offset by an underspend in non-overtime staff costs resulting from vacancy levels. There is also an £746k additional budget pressure in relation to Trainee Fire Fighters in the People Directorate. These are partially offset by a £805k underspend in Prevention, Policy &amp; Protection and a £178k underspend in Transformation. See individual Directorate Summaries for more detail.</p> <p><b>Other Staff (including FRS and Control Staff groups) - overspend of £693k</b> 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 and recruitment of permanent staff which is underway). Additional overspend in Preparedness &amp; Response is driven by challenges on delivering the average vacancy margin savings, whilst the overspend is partially offset by underspend across FRS staff within Prevention and Corporate Services. See individual Directorate Summaries for more detail.</p> <p><b>Employee Related - underspend of £3,670k</b> This underspend reflects the release of a £3,600k provision raised in 2021/22. See Corporate Services Directorate Summary for more detail. This underspend also reflects the current forecast profile of the training contract within the Learning &amp; Professional Development Department (L&amp;PD).</p> <p><b>Transport - overspend of £1,710k</b> 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 £464k.</p> <p><b>Supplies and Services - overspend of £1,513k</b> The overspend reflects a legal provision for £500k. See Corporate Services Directorate Summary for more detail. A range of smaller budget pressures are forecast in Fire Stations (within the Preparedness &amp; Response Directorate) including 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.</p> <p><b>Capital Financing - underspend of £804k</b> This underspend is due to a reduced forecast on debt repayment as a result of a revised profile of borrowing to support the capital programme. This also reflects a review of capital financing costs undertaken at the end of Quarter 3. See Capital Programme Summary for more detail.</p> <p><b>Contingency – overspend of £1,092k</b> 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, which is taking into account changing risks in London such as</p>

## Comments

### Full Year Latest Forecast vs Budget

wildfires and flooding, and the forecast has therefore been revised to reflect that the saving will not be delivered in the current financial year. It is still expected that a more effective and efficient model will be developed going forward.

#### **Income - over-recovery £1,455k**

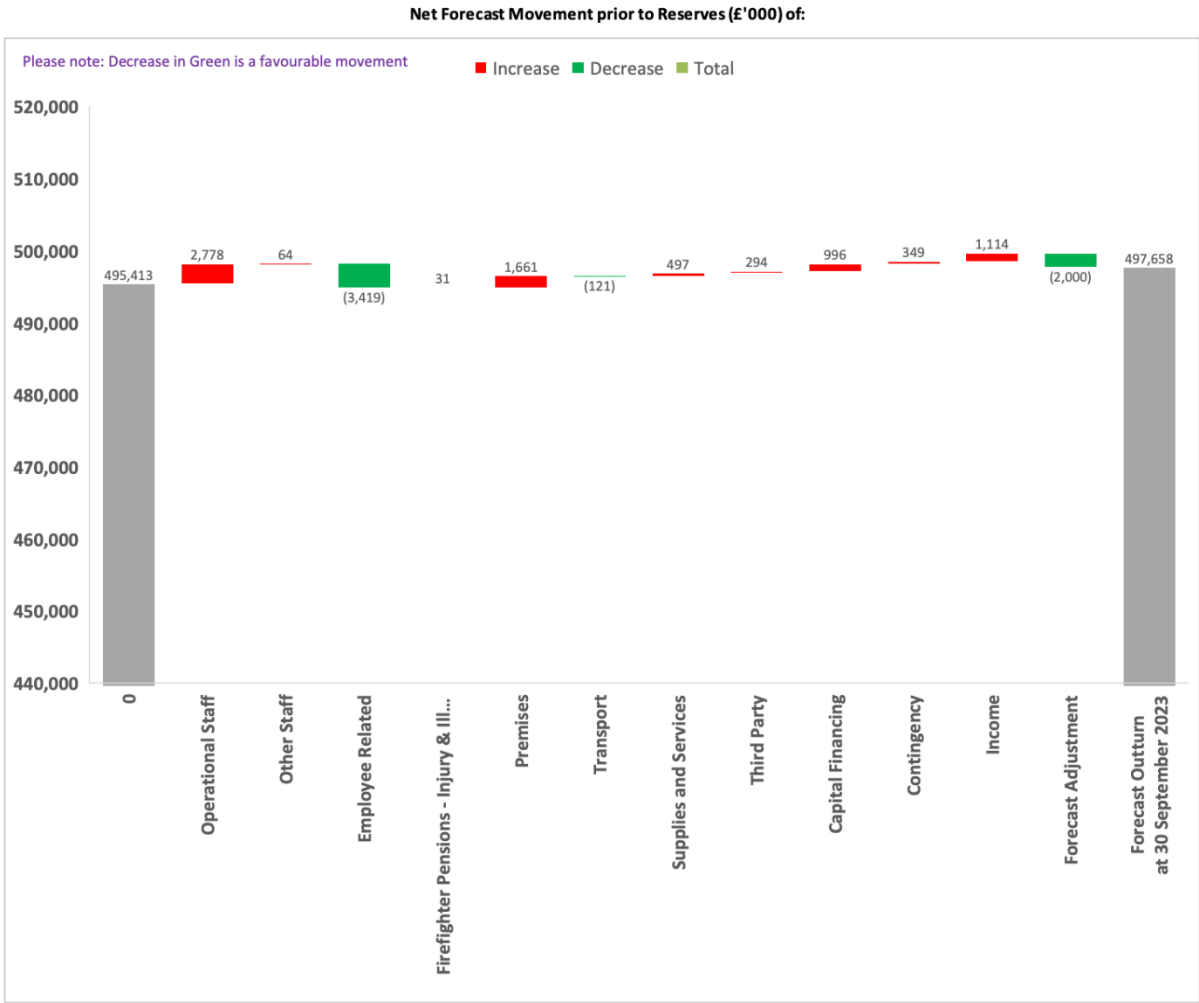
This over recovery is largely due to higher than budgeted interest receivable income, resulting from both higher interest rates and investment balances of £900k. In addition, higher than planned income is forecast in relation to MFB Act £470k, and 'shut in lift' charges of £240k.

#### **Forecast adjustment - £2,000k**

A review of expenditure incurred up to the end of December 2023 has been carried out against the forecast position for the 2023/24 financial year. This has identified a number of areas where forecasts are assuming an increased rate of spend in the last quarter compared to earlier in the year. Whilst this is usual and reflects Directorates plans to achieve their ambitions for the year, the likelihood of all these plans being achieved is considered low when compared against the performance in the last quarter from prior years. As a result a central adjustment is proposed of £2m, which will be monitored as we approach year end.



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



## Section A LFC Revenue Summary – Comparison to Previous Forecast (2/2) Full Year Latest Forecast vs Budget

The full year forecast outturn at 31 December 2023 shows a £2,242k increase in net revenue expenditure (prior to reserves and grants) when compared to the reported Q2 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 £2,778k**

Updated assumptions on leaver / joiner rates have increased projected spend over remainder of financial year. In addition, overtime forecasts have been revised upwards, taking into account operational demands, training, sickness levels and skill gaps. These pressures will continue to be reviewed, including their pressure on the budget or future years.

### **Employee Related – decrease in forecast outturn of £3,419k**

This decrease in forecast is largely due to the release of a £3,600k provision raised in 2021/22.

### **Premises – increase in forecast outturn of £1,661k**

This increase in forecast is largely due to updated assumptions within Property & TSS in the Corporate Services Directorate, in relation to energy costs, reflecting increases to the contract price identified in-year.

### **Supplies & Services – increase in forecast outturn of £497k**

This increase largely reflects a provision raised for £500k for legal costs pending a review of expenditure funded by grant in prior years.

### **Third Party – increase in forecast outturn of £294k**

This increase largely reflects costs associated with the implementation of the pension remedy in Corporate Services £258k, including one-off system costs.

### **Capital Financing – increase in forecast outturn of £996k**

The increase in forecast reflects a review of capital financing costs undertaken at the end of Q3.

### **Contingency – increase in forecast outturn of £349k**

The increase in forecast relates to the projected costs of the £166k in Central Finance and £183k allocated to the National Operational Guidance (NOG) Project.

### **Income – decrease in forecast outturn of £1,114k**

This reduction in income includes a decrease in interest receipts and reflects the position as set out in the Mid Year Treasury Management report.

### **Forecast adjustment - £2,000k**

A review of expenditure incurred up to the end of December 2023 has been carried out against the forecast position for the 2023/24 financial year. This has identified a number of areas where forecasts are assuming an increased rate of spend in the last quarter compared to earlier in the year. Whilst this is usual and reflects Directorates plans to achieve their ambitions for the year, the likelihood of all these plans being achieved is considered low when compared against the performance in the last quarter from prior years. As a result a central adjustment is proposed of £2m, which will be monitored as we approach year end.

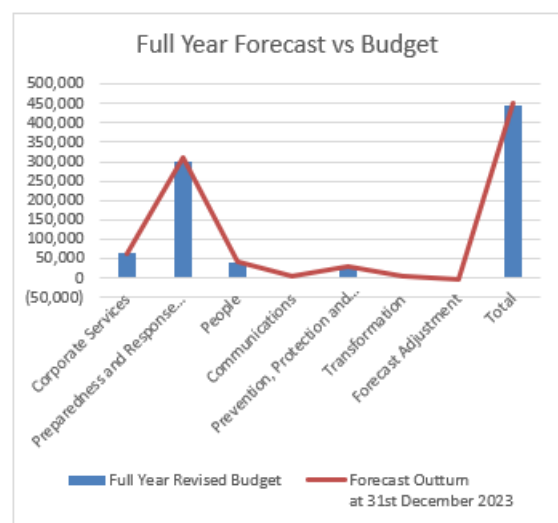
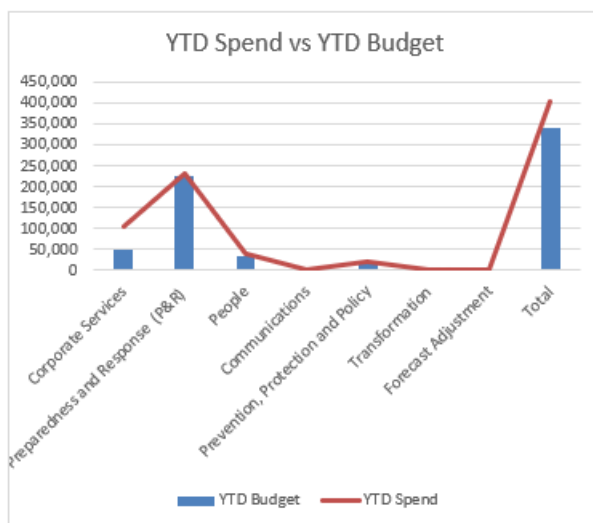
## Section A LFC Revenue Summary (Net Financial Position by Directorate)

The table below sets out the reported overall LFC position at Q3 broken down by Directorate.

The £4,882k forecast outturn overspend is largely being driven by the budget pressure seen within the Preparedness & Response and People Directorates.

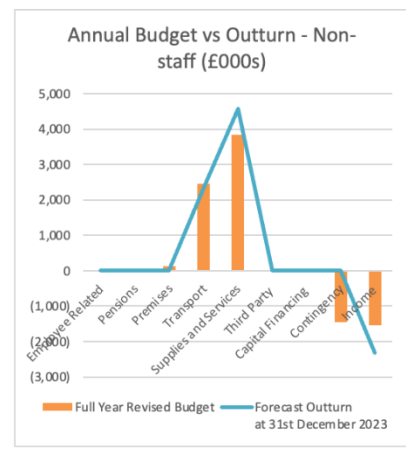
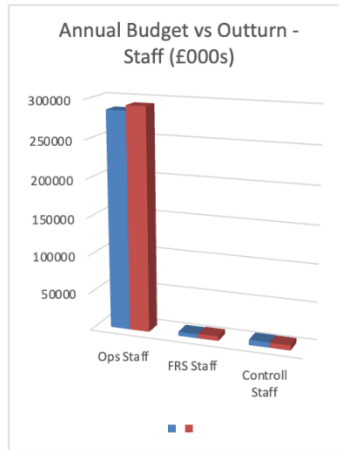
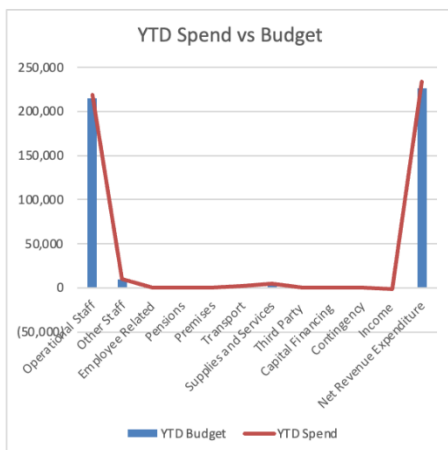
Please refer to each Directorate detailed summary for further information.

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 31st December 2023	Variance on Forecast Outturn vs Revised Budget at 31st December 2023	Reported Forecast Outturn at 30th September 2023	Q3 v's Q2 Movement on Forecast
Corporate Services	50,945	103,588	52,644	66,206	63,327	(2,879)	62,643	684
Preparedness and Response (P&R)	226,301	233,539	7,239	301,717	310,297	8,580	307,536	2,761
People	35,494	39,804	4,310	40,563	42,969	2,407	42,614	355
Communications	2,503	2,462	(42)	3,358	3,341	(18)	3,341	(0)
Prevention, Protection and Policy	22,666	22,228	(438)	30,423	29,260	(1,162)	28,954	306
Transformation	2,660	3,433	773	3,533	3,488	(46)	3,488	0
Forecast Adjustment	0	0	0	0	(2,000)	(2,000)	0	(2,000)
<b>Total</b>	<b>340,569</b>	<b>405,054</b>	<b>64,485</b>	<b>445,800</b>	<b>450,682</b>	<b>4,882</b>	<b>448,577</b>	<b>2,105</b>



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

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at 31st December 2023	Variance on Forecast Outturn vs Revised Budget at 31st December 2023	Reported Forecast Outturn at 30th September 2023	Q3 v's Q2 Movement on Forecast
Operational Staff	214,543	218,583	4,040	286,057	292,860	6,803	290,267	2,593
Other Staff	9,399	9,763	364	12,532	12,990	458	13,000	(10)
Employee Related	1	26	25	2	2	0	2	0
Pensions	0	0	0	0	0	0	0	0
Premises	105	58	(47)	140	20	(120)	20	0
Transport	1,843	1,944	101	2,457	2,350	(106)	2,495	(145)
Supplies and Services	2,895	4,664	1,769	3,843	4,571	728	4,259	312
Third Party	0	0	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	(1,089)	0	1,089	(1,452)	0	1,452	0	0
Income	(1,159)	(1,496)	(337)	(1,545)	(2,319)	(774)	(2,329)	10
<b>Net Revenue</b>	<b>226,538</b>	<b>233,542</b>	<b>7,004</b>	<b>302,034</b>	<b>310,475</b>	<b>8,441</b>	<b>307,714</b>	<b>2,761</b>
<b>Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Use of Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financing Requirement</b>	<b>226,538</b>	<b>233,542</b>	<b>7,004</b>	<b>302,034</b>	<b>310,475</b>	<b>8,441</b>	<b>307,714</b>	<b>2,761</b>
Financed by:								
14-Specific grants	(238)	0	238	(317)	(178)	139	(178)	0
<b>Net Financial Position</b>	<b>226,301</b>	<b>233,542</b>	<b>7,241</b>	<b>301,717</b>	<b>310,297</b>	<b>8,580</b>	<b>307,536</b>	<b>2,761</b>



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

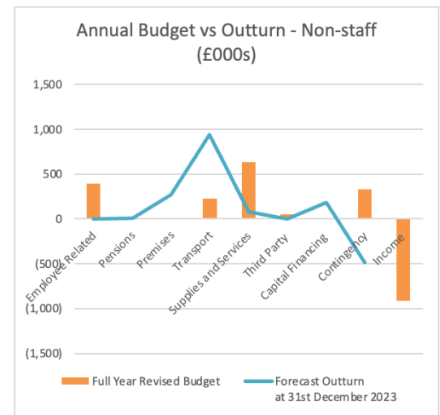
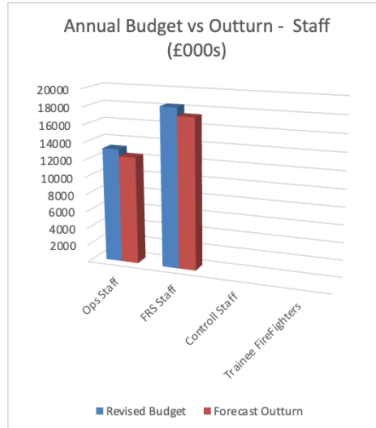
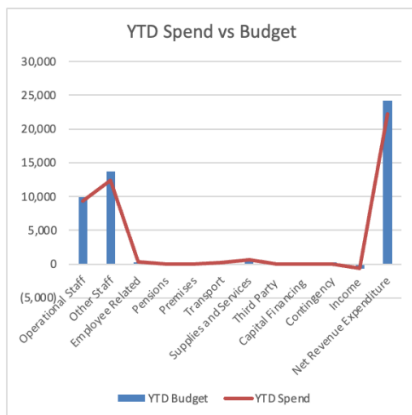
The **Directorate of Preparedness and Response** is responsible for how the Brigade relates to the people it serves (business-to-customer relationships), driving and delivering transformational change, improving culture, and delivering against the Brigade's corporate objectives in its functions. The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

Comments Full Year Latest Forecast vs Budget
<p><b>Operational Staff – overspend of £6,803k</b></p> <p>This overspend is largely due to the impact of operational overtime in Fire Stations partially offset by an underspend in non-overtime staff costs resulting from vacancy levels.</p> <p>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 equivalent forecast for 2023/4 is £6.4m at Q3, a reduction of £6.1m.</p> <p>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.</p> <p>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 could change significantly. This area is being monitored.</p> <p><b>Other Staff – overspend of £458k</b></p> <p>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.</p> <p><b>Supplies and Services – overspend of £728k</b></p> <p>A range of smaller budget pressures is forecast in Fire Stations (within the Preparedness &amp; 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.</p> <p><b>Contingency – overspend of £1,452k</b></p> <p>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, which is taking into account changing risks in London such as wildfires and flooding, and the forecast has therefore been revised to reflect that the saving will not be delivered in the current financial year. It is still expected that a more effective and efficient model will be developed going forward.</p> <p><b>Income – over recovery of £774k</b></p> <p>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.</p>

<p style="text-align: center;"><b>Comments</b> <b>Full Year Latest Forecast vs Budget</b></p>
<p><b>Specific Grants – under recovery of £139k</b> 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.</p>

## 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 31st December 2023	Variance on Forecast Outturn vs Revised Budget at 31st December 2023	Reported Forecast Outturn at 30th September 2023	Q3 v's Q2 Movement on Forecast
Operational Staff	9,920	9,281	(639)	13,227	12,376	(851)	12,238	138
Other Staff	13,746	12,438	(1,308)	18,328	17,354	(974)	17,420	(66)
Employee Related	293	295	3	390	398	7	387	10
Pensions	0	0	0	0	0	0	0	0
Premises	0	7	7	0	7	7	0	7
Transport	171	210	39	228	274	46	232	42
Supplies and Services	473	686	214	630	944	313	866	77
Third Party	40	(34)	(74)	53	83	29	53	29
Capital Financing	0	0	0	0	0	0	0	0
Contingency	247	0	(247)	330	183	(147)	0	183
Income	(685)	(655)	30	(913)	(485)	428	(371)	(115)
<b>Net Revenue Expenditure</b>	<b>24,205</b>	<b>22,228</b>	<b>(1,977)</b>	<b>32,274</b>	<b>31,132</b>	<b>(1,142)</b>	<b>30,826</b>	<b>306</b>
Use of Reserves	(1,358)	0	1,358	(1,811)	(1,786)	25	(1,786)	0
<b>Financing Requirement</b>	<b>22,847</b>	<b>22,228</b>	<b>(619)</b>	<b>30,463</b>	<b>29,347</b>	<b>(1,116)</b>	<b>29,041</b>	<b>306</b>
Financed by:								
14-Specific grants	(181)	0	181	(40)	(87)	(46)	(87)	0
<b>Net Financial Position</b>	<b>22,666</b>	<b>22,228</b>	<b>(438)</b>	<b>30,423</b>	<b>29,260</b>	<b>(1,162)</b>	<b>28,954</b>	<b>306</b>



## 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).

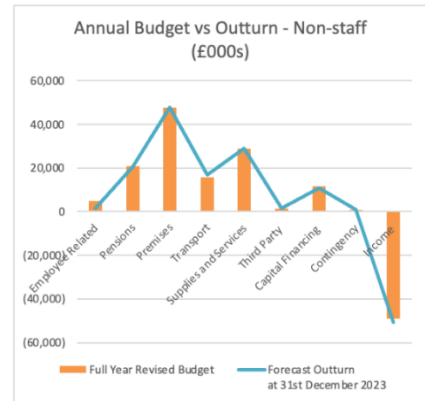
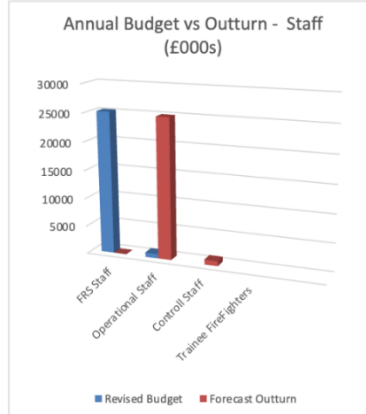
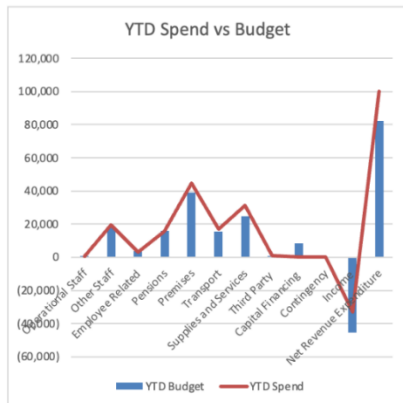
<b>Comments</b> <b>(Full Year Latest Forecast vs Budget)</b>
<p><b>Operational Staff – underspend of £851k</b></p> <p>This underspend relates to Prevention &amp; Protection (Fire Safety Delivery) largely as a result of vacancies within the service. This is due to a skills shortage across the sector which will impact on our ability to undertake inspection of buildings. Various measures are being taken forward to address this.</p>
<p><b>Other Staff – underspend of £974k</b></p> <p>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.</p> <p>Approval has been given for salary underspends to be used to fund market rate supplements (skills payments) for FRS qualified staff, as one of a number of measures seeking to improve staff retention. Options to employ retired staff without pensions being abated are also being taken forward. £425k has been included in the current year forecast for FRS staff costs in relation to this.</p> <p>This is proposed as an interim arrangement whilst a longer term solution to the challenges is developed, including through the FRS pay review.</p>
<p><b>Supplies and Services – overspend of £313k</b></p> <p>This overspend largely relates to various budget areas within Prevention and Policy, including Service Improvement and Hazmat &amp; Incident Communication Policy within Operational Policy, and this remains under review.</p>
<p><b>Contingency - underspend of £147k</b></p> <p>This largely relates to timing of National Operational Guidance (NOG) spend, funded by reserves £174k, alongside further underspends in Fire Safety as a result of the current staffing structure.</p>
<p><b>Income – under recovery of £428k</b></p> <p>This under recovery of income largely relates to environmental searches within Advisory Services of £85k, with the developing reduced trend being monitored, £155k from a drop in sponsorship income and £139k from Protection Board secondments.</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 31st December 2023	Variance on Forecast Outturn vs Revised Budget at 31st December 2023	Reported Forecast Outturn at 30th September 2023	Q3 v's Q2 Movement on Forecast
Operational Staff	597	595	(3)	797	870	73	881	(11)
Other Staff	18,567	19,624	1,057	25,222	24,959	(262)	24,988	(29)
Employee Related	3,708	3,216	(492)	5,030	1,714	(3,316)	5,144	(3,430)
Pensions	15,793	15,794	1	20,773	20,804	31	20,773	31
Premises	38,828	44,539	5,711	47,659	47,729	70	46,075	1,655
Transport	15,406	17,088	1,682	15,676	16,991	1,315	17,025	(34)
Supplies and Services	24,796	31,331	6,535	28,745	29,085	340	29,060	25
Third Party	969	1,086	117	1,269	1,571	302	1,306	265
Capital Financing	8,348	193	(8,155)	11,524	10,720	(804)	9,724	996
Contingency	513	0	(513)	676	886	210	739	147
Income	(45,277)	(33,139)	12,137	(49,026)	(50,710)	(1,684)	(51,947)	1,237
<b>Net Revenue Expenditure</b>	<b>82,248</b>	<b>100,326</b>	<b>18,078</b>	<b>108,345</b>	<b>104,621</b>	<b>(3,724)</b>	<b>103,768</b>	<b>854</b>
Use of Reserves	(7,101)	0	7,101	(9,868)	(9,424)	445	(9,254)	(170)
<b>Financing Requirement</b>	<b>75,147</b>	<b>100,326</b>	<b>25,179</b>	<b>98,477</b>	<b>95,197</b>	<b>(3,279)</b>	<b>94,513</b>	<b>684</b>
Financed by:								
14-Specific grants	(24,203)	0	26,803	(32,270)	(31,870)	400	(31,870)	0
<b>Net Financial Position</b>	<b>50,945</b>	<b>100,326</b>	<b>51,982</b>	<b>66,206</b>	<b>63,327</b>	<b>(2,879)</b>	<b>62,643</b>	<b>684</b>



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

### Comments (Full Year Latest Forecast vs Budget)

#### **Employee related – underspend of £3,316k**

This underspend reflects the release of a £3,600k provision raised in 2021/22 as a result of potential compensation costs for staff impacted by the Pensions Remedy. This provision has now been released on the basis any costs will be covered by Central Government.

#### **Premises – overspend of £70k**

This overspend largely reflects two compensating variances. The first is an underspend of £2,000k for a planned revenue contribution to capital which is no longer required, due to reprofiling of capital spend. See Capital Programme section for more detail.

The second is for an overspend of £1,500k on energy costs, reflecting increases to the contract price identified in-year of 55% for electricity and 60% for gas, which was above budgeted assumptions. This position will remain under review over the remaining winter period, with weather conditions driving usage costs.

#### **Transport – overspend of £1,315k**

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 £340k**

This overspend is due to the proposed creation of a provision for £500k, pending a review of expenditure funded by grant in prior years and £170k on General Counsel costs, offset by additional income. This is offset by the renewal of the Emergency Fire Crew Contract from November at lower cost for a reduction of £379k.

#### **Capital Financing – underspend of £804k**

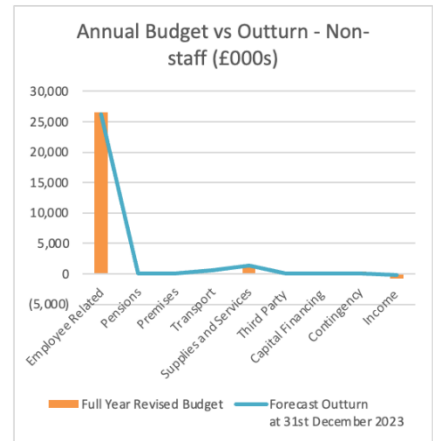
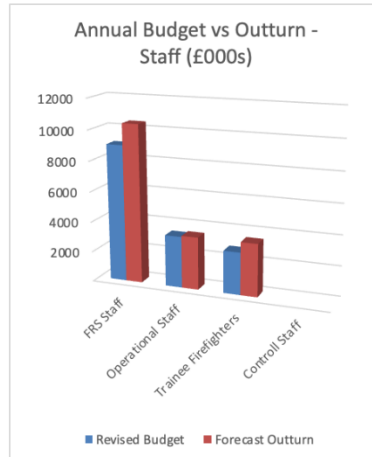
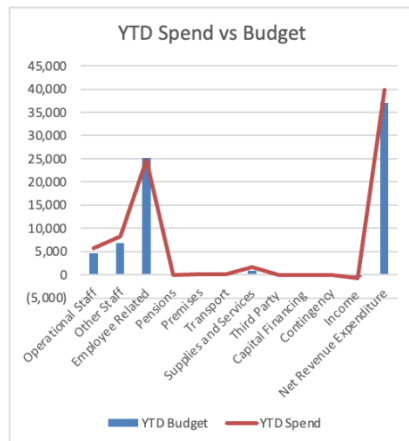
This underspend is due to a reduced forecast on debt repayment as a result of a revised profile of borrowing to support the capital programme. This also reflects a review of capital financing costs undertaken at the end of Quarter 3. See Capital Programme Summary for more detail.

<b>Comments</b> <b>(Full Year Latest Forecast vs Budget)</b>
<p><b>Income – over recovery of £1,684k</b> This over recovery is largely as a result of higher than anticipated interest rates on investment resulting in additional £790k income forecast. This also reflects the position as set out in the Mid Year Treasury Management report and will continue to be monitored in-line with Bank of England announcements. There is also additional income of £307k forecast under the Metropolitan Fire Brigades Act.</p> <p><b>Specific Grants – under recovery of £400k</b> 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.</p>

## 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 31st December 2023	Variance on Forecast Outturn vs Revised Budget at 31st December 2023	Reported Forecast Outturn at 30th September 2023	Q3 v's Q2 Movement on Forecast
Operational Staff	4,634	5,754	1,120	6,179	6,937	757	6,879	58
Other Staff	6,762	8,228	1,466	9,010	10,416	1,406	10,247	169
Employee Related	25,097	24,760	(337)	26,532	26,174	(358)	26,174	0
Pensions	0	0	0	0	0	0	0	0
Premises	16	22	6	22	27	5	27	0
Transport	72	157	85	95	559	464	544	15
Supplies and Services	847	1,687	841	1,129	1,331	202	1,248	82
Third Party	0	0	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	214	0	(214)	453	29	(424)	10	19
Income	(546)	(804)	(257)	(729)	(151)	578	(133)	(18)
<b>Net Revenue Expenditure</b>	<b>37,095</b>	<b>39,804</b>	<b>2,709</b>	<b>42,691</b>	<b>45,321</b>	<b>2,629</b>	<b>44,995</b>	<b>325</b>
Use of Reserves	(1,601)	0	1,601	(2,128)	(2,351)	(223)	(2,381)	30
<b>Financing Requirement</b>	<b>35,494</b>	<b>39,804</b>	<b>4,310</b>	<b>40,563</b>	<b>42,969</b>	<b>2,407</b>	<b>42,614</b>	<b>355</b>
Financed by:								
14-Specific grants	0	0	0	0	0	0	0	0
<b>Net Financial Position</b>	<b>35,494</b>	<b>39,804</b>	<b>4,310</b>	<b>40,563</b>	<b>42,969</b>	<b>2,407</b>	<b>42,614</b>	<b>355</b>



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

### Comments (Full Year Latest Forecast vs Budget)

#### **Operational Staff - overspend of £757k**

The overspend is largely linked to trainee firefighter (TFF) staff costs (£684k) and additional staff within the Training & Professional Team. The increase costs linked to trainee firefighters relates to increased re-coursing due to performance/development 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 £1,406k**

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.

#### **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 £464k**

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.

#### **Supplies & Services – overspend of £202k**

This overspend is largely due to additional clothing and equipment costs under Learning & Professional Development. This is partially offset by underspend in contingency.

#### **Contingency – underspend of £424k**

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.

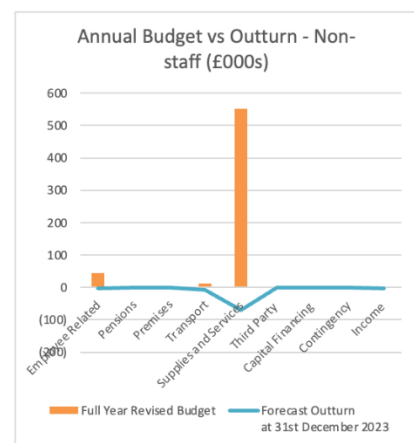
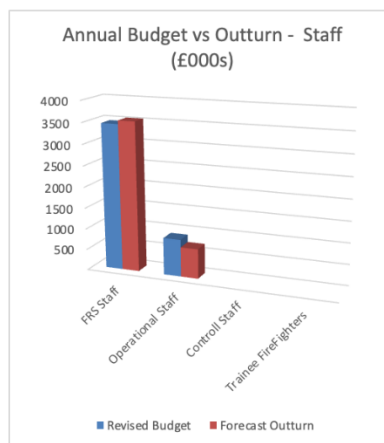
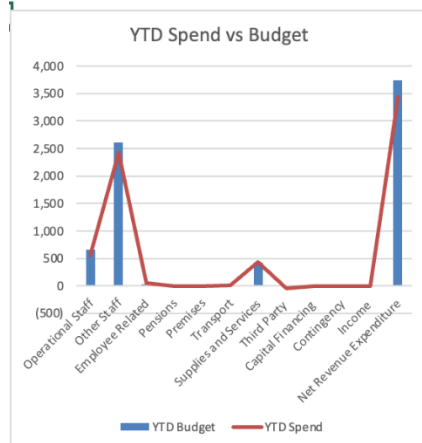
#### **Income – under recovery of £578k**

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 31st December 2023	Variance on Forecast Outturn vs Revised Budget at 31st December 2023	Forecast Outturn at 30th November 2023	Movement on Forecast from last month
Operational Staff	662	552	(110)	882	705	(177)	705	0
Other Staff	2,609	2,422	(187)	3,458	3,541	83	3,541	0
Employee Related	34	54	20	44	40	(4)	40	0
Pensions	0	0	0	0	0	0	0	0
Premises	0	0	0	0	0	0	0	0
Transport	9	9	(0)	12	3	(8)	3	0
Supplies and Services	424	438	14	552	481	(71)	481	0
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
<b>Net Revenue Expenditure</b>	<b>3,737</b>	<b>3,433</b>	<b>(304)</b>	<b>4,947</b>	<b>4,769</b>	<b>(179)</b>	<b>4,769</b>	<b>0</b>
Use of Reserves	(1,077)	0	1,077	(1,414)	(1,281)	133	(1,281)	0
<b>Financing Requirement</b>	<b>2,660</b>	<b>3,433</b>	<b>773</b>	<b>3,533</b>	<b>3,488</b>	<b>(46)</b>	<b>3,488</b>	<b>0</b>
Financed by:								
14-Specific grants	0	0	0	0	0	0	0	0
<b>Net Financial Position</b>	<b>2,660</b>	<b>3,433</b>	<b>773</b>	<b>3,533</b>	<b>3,488</b>	<b>(46)</b>	<b>3,488</b>	<b>0</b>



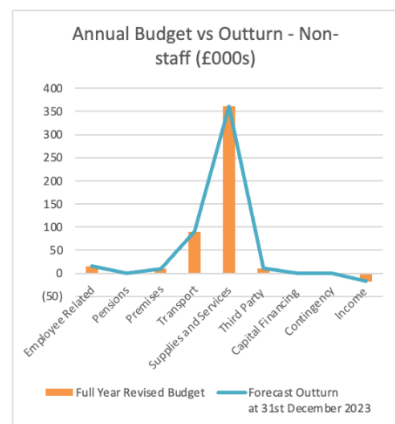
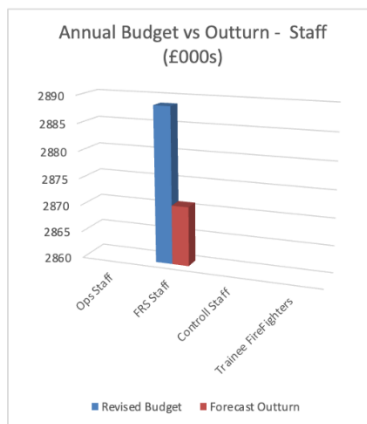
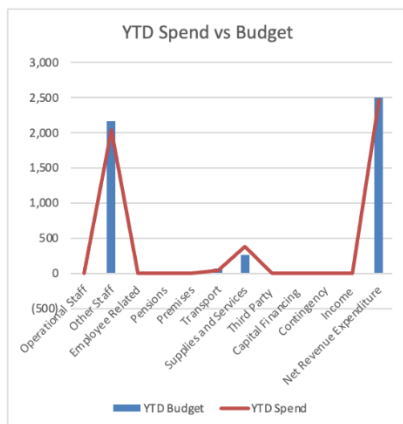
## Section A LFC Directorate for Transformation I/E (2/2)

<b>Comments</b> <b>(Full Year Latest Forecast vs Budget)</b>
<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><b>Operational Staff – underspend of £177k</b> <b>Other Staff – overspend of £83k</b></p> <p>The current forecast reflects timing and profile of recruitment within the service. No movement in forecast between Q2 and Q3.</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 31st December 2023	Variance on Forecast Outturn vs Revised Budget at 31st December 2023	Reported Forecast Outturn at 30th September 2023	Q3 v's Q2 Movement on Forecast
Operational Staff	0	0	0	0	0	0	0	0
Other Staff	2,166	2,033	(134)	2,889	2,871	(18)	2,871	(0)
Employee Related	11	1	(10)	15	15	0	15	0
Pensions	0	0	0	0	0	0	0	0
Premises	7	0	(7)	10	10	0	10	0
Transport	65	46	(18)	90	90	0	90	0
Supplies and Services	263	377	113	361	361	0	361	0
Third Party	8	0	(8)	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	(17)	5	22	(17)	(17)	0	(17)	0
<b>Net Revenue</b>								
<b>Expenditure</b>	<b>2,503</b>	<b>2,462</b>	<b>(42)</b>	<b>3,358</b>	<b>3,341</b>	<b>(18)</b>	<b>3,341</b>	<b>(0)</b>
Use of Reserves	0	0	0	0	0	0	0	0
<b>Financing Requirement</b>	<b>2,503</b>	<b>2,462</b>	<b>(42)</b>	<b>3,358</b>	<b>3,341</b>	<b>(18)</b>	<b>3,341</b>	<b>(0)</b>
Financed by:								
14-Specific grants	0	0	0	0	0	0	0	0
<b>Net Financial Position</b>	<b>2,503</b>	<b>2,462</b>	<b>(42)</b>	<b>3,358</b>	<b>3,341</b>	<b>(18)</b>	<b>3,341</b>	<b>(0)</b>





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

<b>Comments (Full Year Latest Forecast vs Budget)</b>
<p>No material variances are currently anticipated at year end, however following recent changes within the Communications Directorate a review is being carried out to consider any implications on expenditure for the remainder of 2023/24.</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>

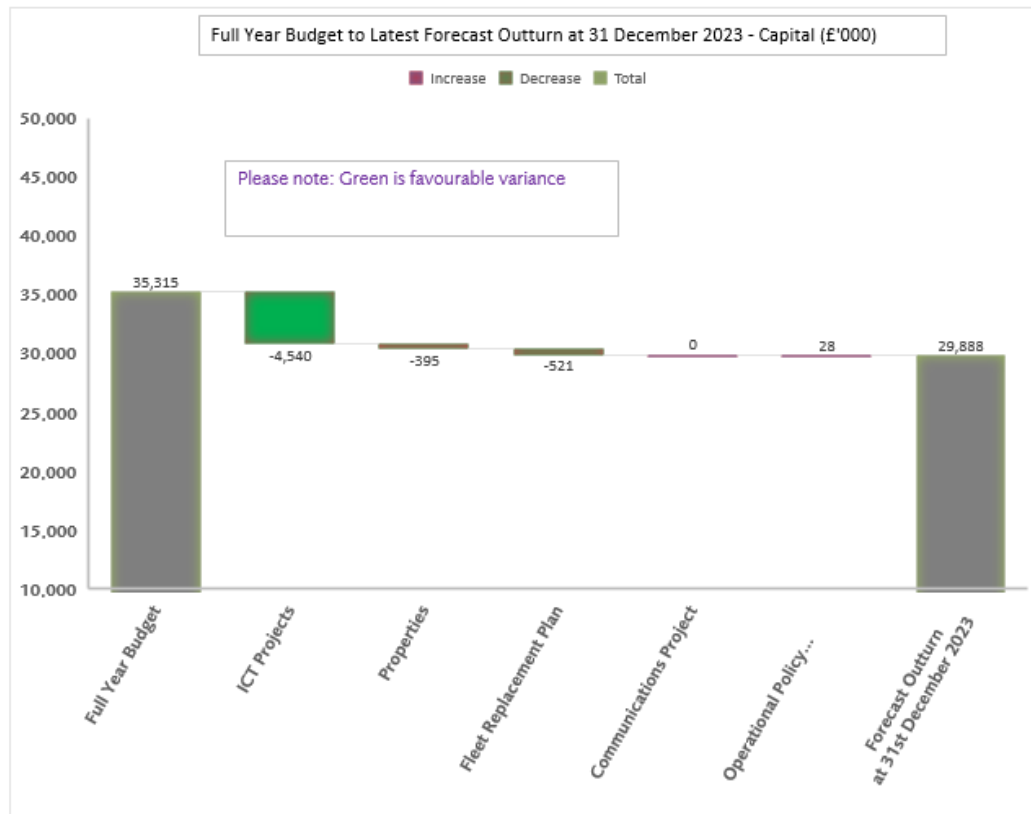
## Section B LFC Capital Summary Main Table

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 Q3 is £29,888k, a reprofiling of £5,428k.

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	Forecast Outturn at 31st December 2023	Variance on Forecast Outturn vs Revised Budget at 31st December 2023	Reported Forecast Outturn at 30th September 2023	Q3 v's Q2 Movement on Forecast
ICT Projects	9,980	5,440	-4,540	5,440	0
Properties	16,416	16,022	-395	16,851	-830
Fleet Replacement Plan	3,185	2,664	-521	2,413	251
Communications Project	0	0	0	0	0
Operational Policy Equipment	5,734	5,762	28	5,734	28
<b>Total Capital Expenditure</b>	<b>35,315</b>	<b>29,888</b>	<b>-5,428</b>	<b>30,438</b>	<b>-551</b>
<b>Financed by:</b>					
Reserves		250	250	250	0
Capital Receipts	0	327	327	243	84
Capital Grants	0	0	0	0	0
Borrowing	35,315	29,311	-6,005	29,945	-635
<b>Total Financing</b>	<b>35,315</b>	<b>29,888</b>	<b>-5,428</b>	<b>30,438</b>	<b>-551</b>

## 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 £5,428k 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 - £2,400k re-profiled to 2024-25 due to procurement delays and issues with recorded voice for the 999-system part of the project. There had been delays in issuing the tender for this project with legal and procurement colleagues finalising the specification to ensure a robust procurement process. The project has been pushed back again by the Team managing the recorded voice for the 999-system part of the project.

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) - £1,100k has been put on hold and 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.

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

VM Server Environment Hosts - £254k budget slippage from 2022-23 previously re-profiled to 2024-25 brought forward to the current year due to variation in the purchase.

#### **Property Project - reprofiling of £395k**

The forecast now includes projects brought forward from future years in relation to HQ Relocation of £800k, and Lambeth Riverside Development of £1,191k, and several other projects underspend has significantly reduced the impact of the brought forward budgets. Lambert River Station has £285k increase from Q2 relating to additional costs of Linkspan disconnection & survey and preliminary project costs.

The following are projects with major underspends most of which have been re-profiled to future years:

Premises Assets Replacement Unallocated -£500k budget now fully allocated to other projects.

Roof Replacement -£721K due to lower price from re-tendering.

## Comments

### Full Year Latest Forecast vs Budget

Heating -£480k reprofiled into future years 24/25 as Euston heating works are now due to complete 24/25 Q1.

Window Replacement -£282k due to delays in obtaining listed planning consent for Euston Fire Station.

Carbon Strategy Estate Works -£222k due to PV schemes project on hold.

Security improvements at Fire Station -£387k due to procurement delays. The project has not advanced as programmed due to delay in awarding contracts.

Minor Improvement Programme -£227k due to Tottenham minor improvements no longer happening and Heston Motorised gate unlikely to achieve construction as it's considered too risky.

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.

#### **Fleet Replacement Plan - reprofiling of £521k**

This relates to cost reduction in the Operational Equipment project and reprofiling the spend in the Specialist Heavy Vehicle project explained below:

Operational Equipment -£703k underspend and reprofiling relates to reduction in costs of equipment such as the Ground Attack Monitors (GAM), where we have been able to re-profile the life of the item and will replace only as and when needed. Additionally, the forecast delivery of equipment such as Lightweight Portable Pumps have been reviewed and deferred to the next financial year as this is currently not causing any operational concerns.

Specialist Heavy Vehicles £221k reprofiling is due to Command Support Unit project additional change requests but still within LFC approved budget.

## 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
<b>Corporate Services</b>		<b>Total</b>	<b>1,356</b>	
Current	Communications	Internal Communications	44	On-track
<b>Communications</b>		<b>Total</b>	<b>44</b>	
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
<b>People</b>		<b>Total</b>	<b>467</b>	
	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
<b>Operational Delivery</b>		<b>Total</b>	<b>457</b>	
<b>LFB</b>		<b>Total</b>	<b>2,324</b>	

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, taking into changing risks such as wildfires and flooding. The reported forecast at Q3 assumes no savings delivery in the current financial year. It is still expected that there is an opportunity to move to a more effective and efficient model in the future.
- £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
	<b>Commissioners Secretariat</b>	<b>Total</b>	<b>305</b>	
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
	<b>Corporate Services</b>	<b>Total</b>	<b>1,326</b>	
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
	<b>Communications</b>	<b>Total</b>	<b>546</b>	
LaPD-PDR	Learning and Professional Development	Removal of PDR	468	Yes
Current	People	Occupational Health	412	Yes
Current	People	Staffing	-38	Yes
	<b>People</b>	<b>Total</b>	<b>842</b>	
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
	<b>Operational Delivery</b>	<b>Total</b>	<b>1,558</b>	
	<b>LFB</b>	<b>Total</b>	<b>4,577</b>	

## Summary – Reserves Position Update (1/2)

The balance on Reserves at March 2024 is forecast at £79,520k, a movement of £25,912k against the opening balance at March 2023 of £105,432k.

The revised forecast balance at March 2024 is a reduction of £210k on the £79,730k set out in the Final Budget 2023/24 (LFC-23-029), and an increase on the £74,812k reported at Q2. Total net use of reserves in-year has decreased by £4,707 on that reported at Q2. This movement reflects the release of the £7,045k Capital Expenditure Reserve to the Budget Flexibility reserve with the remaining change largely being as a result of updated forecast outturn position for 2023/24. The release of the Capital Expenditure Reserve has been included following the preparation of the Mid Year Treasury Management report which included the recommendation that no additional external borrowing is required in the 2023/24 financial year. This reduces the pressure to use this funding to support the capital programme in 2023/24.

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 £14,165 , a net movement of £10,604k 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 Q2 is £4,707 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
	Other Adjustments	(162)
Changes for Q2	Increase in Forecast Overspend (at Q2)	705
	Transfer to General Reserve	2,698
	Other Adjustments	507
Changes for Q3	Increase in Forecast Overspend (at Q3) (from £2,777)	2,105
	Transfer from the Capital Expenditure Reserve	(7,045)
	Cost of Organisation Review	233
Closing Draw		10,604

### **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 - Q3		Current Full Year Forecast for 2023/24 as at 31 December 2023		Previous Full Year Forecast as at 30 September 2023		Previous Full Year Forecast as per Budget Plan	
LFB Reserves £'000	Balance at 01/04/23	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	Q3 Movement on Q2	Full Year Forecasted use of Reserves	Q3 Movement on Budget Plan
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	0	0	0	0
Emergency Medical Response	294	(294)	0	(294)	0	(294)	0	0	(294)
Emergency Services Mobile Communication Programme	888	44	932	89	976	89	0	0	89
Fire Safety and Youth Engagement	8,189	(1,428)	6,761	(1,428)	6,761	(1,428)	0	(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	(771)	0	(771)	0
Community Risk Management Plan	5,588	(1,253)	4,335	(2,030)	3,557	(2,030)	0	(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		0	0	0
MTA Reserve	997	(786)	211		997		0	(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
<b>TOTAL Earmarked Reserves</b>	<b>66,974</b>	<b>(6,644)</b>	<b>60,331</b>	<b>(18,657)</b>	<b>48,317</b>	<b>(18,657)</b>		<b>(17,755)</b>	<b>(902)</b>
Budget Flexibility	24,769	(8,513)	16,256	(10,604)	14,165	(15,311)	4,707	(6,300)	(4,304)
General Reserve	13,689		13,689	3,349	17,038	3,349	0	0	3,349
<b>TOTAL Reserves</b>	<b>105,432</b>	<b>(15,157)</b>	<b>90,276</b>	<b>(25,912)</b>	<b>79,520</b>	<b>(30,619)</b>	<b>4,707</b>	<b>(24,055)</b>	<b>(1,857)</b>

## Summary – Revenue Budget Movements (Q3 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 (£'000)	Revised Budget as at Q1	Revised Budget as at Q2	Revised Budget as at Q3	Variance Q2 v's Q1	Variance Q3 v's Q2	Variance Q3 v's Q1
01-Operational staff	306,917,213	306,956,976	307,142,549	39,763	185,573	225,336
02-Other staff	69,194,470	71,037,202	71,437,714	1,842,732	400,512	2,243,244
03-Employee related	29,028,158	32,012,504	32,012,504	2,984,346	-	2,984,346
04-Pensions	20,772,662	20,772,662	20,772,662	-	-	-
05-Premises	47,831,189	47,831,189	47,831,189	-	-	-
06-Transport	18,469,533	18,558,030	18,558,030	88,497	-	88,497
07-Supplies and services	33,459,705	35,260,861	35,260,861	1,801,156	-	1,801,156
08-Third party payments	1,333,134	1,333,134	1,333,134	-	-	-
09-Capital financing costs	11,524,000	11,524,000	11,524,000	-	-	-
10-Contingency	25,757	232,146	6,073	206,389	- 226,073	- 19,684
11-Other income	- 51,744,596	- 51,935,703	- 52,229,247	- 191,107	- 293,544	- 484,651
<b>Net Revenue Expenditure</b>	<b>486,811,225</b>	<b>493,583,001</b>	<b>493,649,469</b>	<b>6,771,776</b>	<b>66,468</b>	<b>6,838,244</b>
13-Use of earmarked reserves	- 8,383,624	- 15,155,401	- 15,221,868	- 6,771,777	- 66,468	- 6,838,244
<b>Financing Requirement</b>	<b>478,427,601</b>	<b>478,427,601</b>	<b>478,427,601</b>	<b>- 0</b>	<b>0</b>	<b>0</b>
14-Specific grants	- 32,627,601	- 32,627,601	- 32,627,601	-	-	-
15 - GLA Funding	- 445,800,000	- 445,800,000	- 445,800,000	-	-	-
<b>Net Financial Position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Total Budget Movement

The total Net Expenditure Budget at Q3 is £493,649k, a movement of £6,838k 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
- Contingency
  - £293k in Training & Professional Development for re-allocating budgets from the Contingency to Other Staff areas.

## 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 31 December 2023 is £2,151k, with £2,082k (97% of the total outstanding) over 30 days old.

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

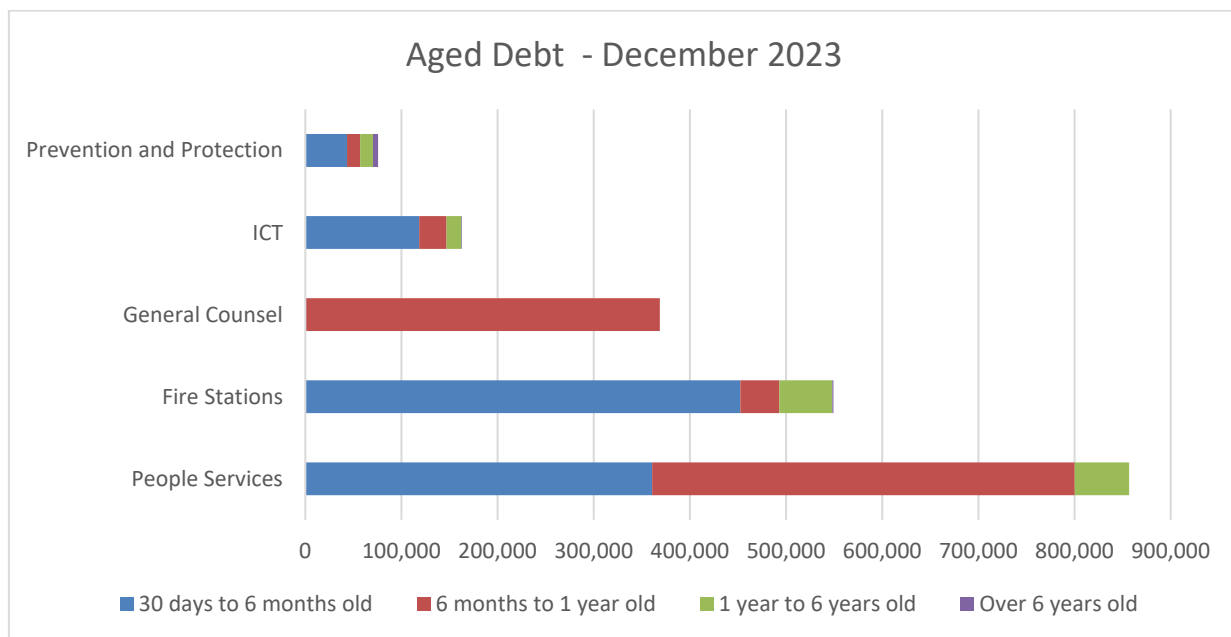
Amount Outstanding	Other	LIFTs	Grand Total
Under 30 Days	40,336	29,266	69,602
30 days to 6 months old	876,303	102,249	978,552
6 months to 1 year old	904,329	41,933	946,262
1 year to 6 years old	95,607	54,964	150,571
Over 6 years old	6,936		6,936
<b>Grand Total</b>	<b>1,923,513</b>	<b>228,411</b>	<b>2,151,923</b>

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Under 30 Days	40,336	29,266	69,602
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1 year to 6 years old	95,607	54,964	150,571
er 6 years old	6,936		6,936
<b>Grand Total</b>	<b>1,923,513</b>	<b>228,411</b>	<b>2,151,923</b>

## 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
People Services	360,715	439,374	56,575		856,664
Fire Stations	452,306	40,622	55,153	1,191	549,272
General Counsel		368,627			368,627
ICT	118,463	28,462	15,316	540	162,781
Prevention and Protection	43,314	13,622	13,453	5,205	75,595
<b>Grand Total</b>	<b>974,798</b>	<b>890,708</b>	<b>140,496</b>	<b>6,936</b>	<b>2,012,939</b>



Where it becomes clear that a debt cannot be recovered it will be referred to the Finance Department. The circumstances of the outstanding debt and the action taken will then be reviewed and considered under the Brigade's write off policies and procedures as set out in the Brigade's financial regulations and Policies. All customers/third parties seeking assistance due to financial difficulties will be invited to provide details of their circumstances within a reasonable length of time for consideration by the Assistant Director, Finance.

## Summary – Risks to the Financial Position Update

The table below presents a summary of the key risks to the LFC's 2023/24 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, staff pay and other risks such as energy and rates

## 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 Q3 is provided below:

Overall assessment of progress against Climate Budget 23-24	Quarterly RAG rating
	Q3
Progress against funded climate measures	Amber
Progress against unfunded climate measures	Red

### Funded climate measures - Amber

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. The Solar PV at 4 sites has currently been halted this is due to the expected budget overspend on LFC 0256. These sites are currently due for a full Solar PV assessment where LFB will be assessing the entire Solar PV assets will be investigated and a potential project to increase and optimise the generation capacity. This assessment is currently planned for 2024 and budget is currently being secured internally.

### 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

These KPIs will be incorporated into the LFC's quarterly performance report. However, for consistency on reporting they have been kept in the Q3 report.

### **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