



Finance Report

Quarter 1, 2024/25

Financial Position as at 30 June 2024

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Introduction and background

This report presents the financial position and forecast outturn for the 2024/25 financial year, as at the end of June 2024 (Q1).

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 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.

Mayor's Budget for 2024/25

The Mayor of London published his Budget Guidance for 2024/25 on 14 July 2023, which set out provisional funding levels for the LFC over a three-year period from 2024/25 to 2026/27. The LFC's Budget Submission to the Mayor addressing the requirements set out in the Guidance was approved by the required deadline, and subsequently approved by the LFC in March 2024. This report provides updated forecast and monitoring information against that approved budget.

Mayor's Budget for 2025/26

The Mayor's Budget Guidance for 2025/26 is expected to be published by late July 2024, and work is already well underway to review and refresh LFC budget planning assumptions.

Section A

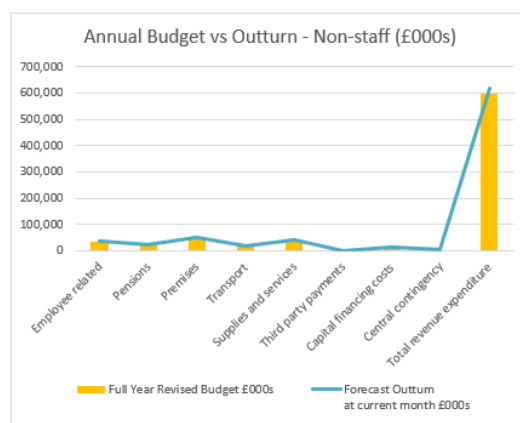
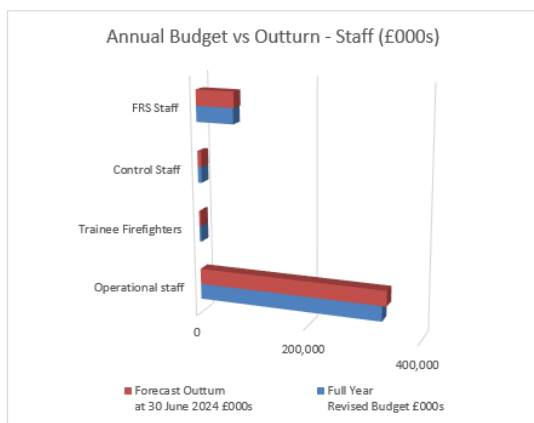
LFC 2024/25 Revenue Summary Main Table

The table below sets out the Q1 Finance Position for LFC, broken down by subjective.

The forecast outturn at 30 June 2024 reports a projected overspend of £7,868k for the 2024/25 financial year.

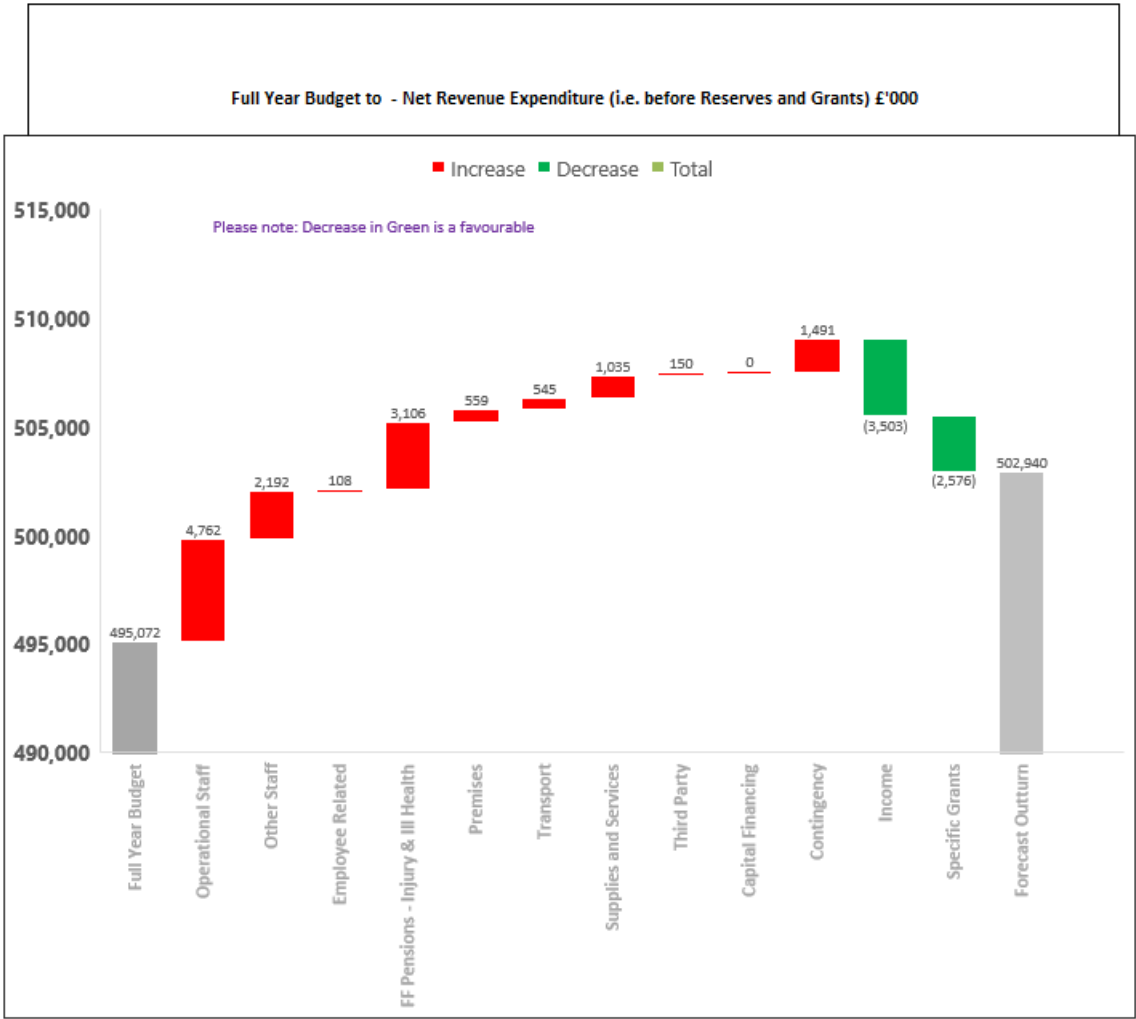
Further information on key variances is provided in the following pages.

London Fire Commissioner Revenue Summary (£'000s)						
	A	B	C = [B - A]	D	E	F = [E - D]
LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at Q1	Variance on Forecast Outturn vs Revised Budget at Q1
Operational Staff	83,872	85,588	1,716	338,489	343,251	4,762
Other Staff	18,763	20,005	1,242	74,665	76,857	2,192
Employee Related	24,782	25,413	631	35,970	36,078	108
Firefighter Pensions - Injury & Ill Health	5,984	5,567	(417)	20,773	23,878	3,106
Premises	11,713	24,683	12,970	48,757	49,316	559
Transport	15,350	16,340	990	19,666	20,211	545
Supplies and Services	16,683	29,814	13,131	40,758	41,793	1,035
Third Party	1,025	249	(777)	1,333	1,483	150
Capital Financing	364	(209)	(572)	16,000	16,000	0
Contingency	(808)	0	808	7,108	8,598	1,491
Income	(3,168)	(32,341)	(29,172)	(51,549)	(55,052)	(3,503)
Net Revenue Expenditure	174,562	175,110	549	551,971	562,415	10,444
Use of Reserves	0	0	0	(27,643)	(27,643)	0
Financing Requirement	174,562	175,110	549	524,328	534,772	10,444
<u>Financed by:</u>						
Specific Grants	(6,564)	(13,462)	(6,899)	(29,256)	(31,831)	(2,576)
GLA Funding	(123,768)	(93,340)	30,428	(495,072)	(495,072)	0
Net Financial Position (Outturn)	44,230	68,308	24,078	0	7,868	7,868



LFC Revenue Summary - Budget to Latest Forecast

Figures are net of specific grants and use of reserves.



LFC Revenue Summary – Key Variances

Comments Full Year Latest Forecast vs Budget

The full year forecast outturn at 30 June 2024 shows a projected net overspend (after reserves and grants) of £7,868k.

Operational Staff - overspend of £4,762k

This overspend is largely due to the impact of overtime forecast in Fire Stations within Preparedness & Response, partially offset by vacancies running above the Average Vacancy Margin (AVM) assumed in the budget. A net forecast overspend is projected for Fire Stations of £6,093k.

Pre-Arranged Overtime (PAO) within Fire Stations is £653k for the first 3 months of 2024/25 (excluding national insurance). While this remains down significantly on the £1,478k experienced in 2022/23, it is an increase on the £305k for the same period of 2023/24. A number of factors underpin this, including the release of staff for critical training, such as the roll out of new breathing apparatus, Marauding Terrorist Attacks training and tactical ventilation, with training in Q1 up 20% on the same period last year. Other factors include vacancy and sickness levels, and responding to events such as major protests, UEFA Champions League Final, and weather warnings. The current forecast assumes that training levels will drop as the year progresses, which along with reducing vacancies will lower the overtime trajectory from Q1 levels.

This is partially offset by underspend within Prevention and Protection of £1,454k as a result of vacancies.

See individual Directorate Summary for more detail.

Other Staff (including FRS and Control Staff groups) – overspend of £2,192k

This overspend is largely due to posts within Prevention and Protection that are offset by Protection Board income (£2,645k). Taking grant income into account, a net underspend of £453k is forecast.

Underspend of £1,687k is forecast within Fire Safety, reflecting vacancies within the service. This is offset by changes in the leadership of the People Directorate addressed using interim leadership and temporary supernumerary roles to drive improvement and transformation (£610k) while organisational change is implemented. Pressures within Control and Mobilising overtime are also forecast (£520k), with further work being undertaken to review drivers.

See individual Directorate Summaries for more detail.

Firefighter Pensions: Injury & Ill-health - overspend of £3,106k

Budget assumptions set for the current financial year assumed that inflation on costs during 2023/24 would be contained within existing budget levels due to a decreasing number of staff on injury and ill-health pensions. This was not the case with a £2,232k overspend experienced at March 2024. Work with the Local Pensions Partnership Administration (LPPA) is being undertaken to ensure a robust model for budget planning is in place for future years.

Premises - overspend of £559k

This overspend largely relates to property rates (£391k) in Property & Technical Support Service (TSS).

Comments

Full Year Latest Forecast vs Budget

Transport - overspend of £545k

This overspend relates mainly to Property & TSS, with £395k relating to the vehicle and equipment contract and other vehicle costs such as accident repairs. In addition, there is a forecast overspend in Preparedness & Response of £130k which is largely driven by additional travel costs for training.

Supplies and Services - overspend of £1,035k

This overspend is largely driven by the Preparedness and Response Directorate, including £600k within Operational Resilience training delivery that is partially offset by additional income.

In addition, a £400k planned budget saving within Corporate Services from a review of the scientific services contract is now not expected to be delivered in-year.

See individual Directorate Summaries for more detail.

Contingency – overspend of £1,491k

The forecast reflects non-delivery of the £1,500k efficiency target originally planned in 2023/24 from Operational Support Unit reform savings which was deferred in light of changing risks (including from wildfires) and the development of the new Response strategy. While it is still expected that there is an opportunity to move to a more effective and efficient model in the future as part of a review of Specialist assets, no savings delivery is anticipated in the current year.

Income – over recovery £3,503k

This over recovery is largely due to higher than budgeted interest receivable income, resulting from both higher interest rates and investment balances of £1,200k and a £351k investment dividend, along with a projected release from the bad debt provision of £1,300k, reflecting targeted work on resolving older debts.

Specific Grants – over recovery £2,576k

This over recovery reflects the 2024/25 Protection Uplift Grant allocation, not reflected in the original budget. This remains under review in conjunction with Deep Dive activity being undertaken by the Home Office due to Protection Uplift reserves held by LFB.

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

The table below sets out the reported overall LFC position at Q1 broken down by Directorate.

The £7,868k forecast outturn overspend being driven by the budget pressure seen within the Preparedness & Response Directorate.

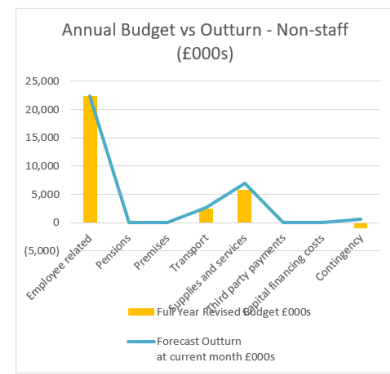
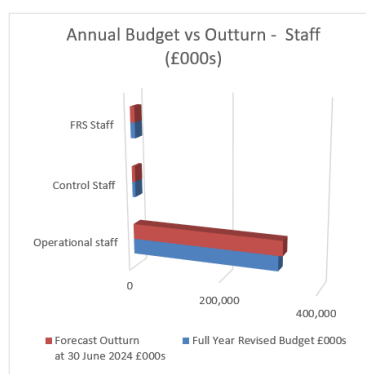
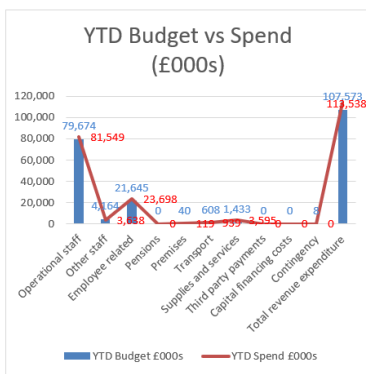
Please refer to each Directorate detailed summary for further information.

Revenue Summary of Net Financial Position - by Directorate (£'000s)						
	A	B	C = [B - A]	D	E	F = [E - D]
Directorate	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at Q1	Variance Forecast Outturn vs Revised Budget
Corporate Services	45,874	32,703	(13,170)	68,827	70,038	1,211
Preparedness and Response (P&R)	106,867	113,395	6,528	365,302	374,338	9,036
People	2,660	4,447	1,787	10,641	11,691	1,050
Communications	968	1,074	106	4,166	3,888	(279)
Prevention, Protection and Policy	10,259	8,527	(1,732)	40,726	37,575	(3,150)
Transformation	1,369	1,501	132	5,475	5,475	0
Total	167,982	161,648	(6,350)	495,072	502,940	7,868

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

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, Central Operations, and Learning & Professional Development.

LFC Revenue (£000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at Q1	Variance on Forecast Outturn vs Revised Budget at Q1
Operational Staff	79,674	81,549	1,875	321,698	327,524	5,826
Other Staff	4,164	3,638	(526)	16,655	16,880	225
Employee Related	21,645	23,698	2,053	22,407	22,459	51
Pensions	0	0	0	0	0	0
Premises	40	119	79	162	42	(120)
Transport	608	939	331	2,433	2,562	130
Supplies and Services	1,433	3,595	2,162	5,731	6,952	1,221
Third Party	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0
Contingency	8	0	(8)	(963)	537	1,500
Income	(661)	(143)	518	(2,643)	(2,440)	203
Net Revenue Expenditure	106,912	113,395	6,484	365,480	374,516	9,036
Use of Reserves	0	0	0	0	0	0
Financing Requirement	106,912	113,395	6,484	365,480	374,516	9,036
Financed by:						
Specific Grants	(44)	0	44	(178)	(178)	0
Net Financial Position	106,867	113,395	6,528	365,302	374,338	9,036



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

Comments Full Year Latest Forecast vs Budget

Operational Staff – overspend of £5,826k

This overspend is largely due to the impact of overtime forecast in Fire Stations (£6,878k including national insurance at an average rate of 11.75%).

Pre-Arranged Overtime (PAO) within Fire Stations is £653k for the first 3 months of 2024/25 (excluding national insurance). While this remains down significantly on the £1,478k experienced in 2022/23, it is an increase on the £305k for the same period of 2023/24. A number of factors underpin this, including the release of staff for critical training, such as the roll out of new breathing apparatus, with training in Q1 up 20% on the same period last year. Other factors include vacancy and sickness levels, and responding to events such as major protests, UEFA Champions League Final, and weather warnings. The current forecast assumes that training levels will drop as the year progresses, which along with reducing vacancies, and other targeted work being taken forward through Establishment Board, is expected to reduce the overtime trajectory from Q1 levels.

This is partially offset by underspend on secondments within Learning & Professional Development (£600k), which has also resulted in an under recovery of income being forecast.

Other Staff – overspend of £225k

This overspend is largely driven by overtime in Control and Mobilising overtime of £520k, offset by a £404k held on the Culture Change Programme budget funding staffing costs of change in People Services.

Supplies and Services – overspend of £1,221k

Within Fire Stations £163k relates to hygiene and medical supplies, with a further £255k associated with the Big Clean Up. In Operational Resilience a forecast overspend of £600k is largely in respect of training delivery that is partially offset by additional income.

Contingency – overspend of £1,500k

The forecast reflects non-delivery of the £1,500k efficiency target originally planned in 2023/24 from Operational Support Unit reform savings. While it is still expected that there is an opportunity to move to a more effective and efficient model in the future, no savings delivery is anticipated in the current year.

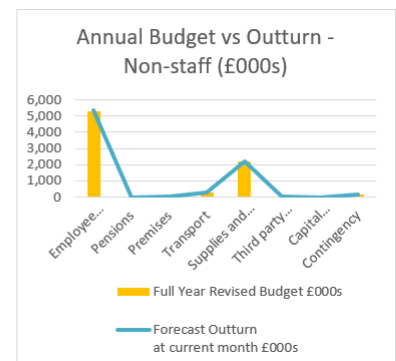
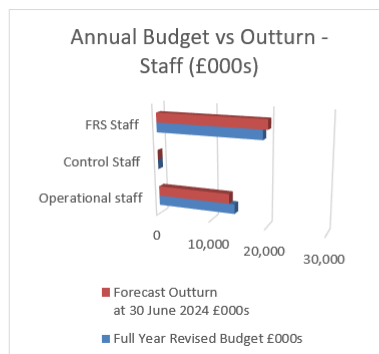
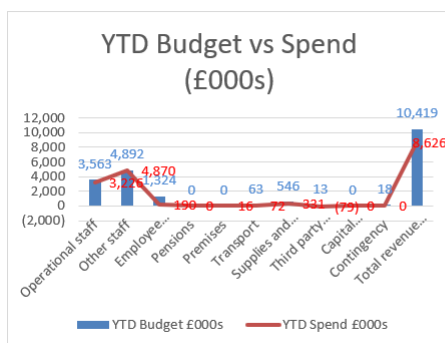
Income – under recovery of £203k

Reduced secondment income within Learning & Professional Development (600k), is partially offset by increased income within Operational Resilience, see operational staffing and supplies and services above.

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

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, Prevention & Protection (Regulatory and Community) and Health & Safety.

LFC Revenue (£000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at Q1	Variance on Forecast Outturn vs Revised Budget at Q1
Operational Staff	3,563	3,226	(337)	14,253	13,189	(1,064)
Other Staff	4,892	4,870	(22)	19,160	19,928	768
Employee Related	1,324	190	(1,134)	5,294	5,358	63
Pensions	0	0	0	0	0	0
Premises	0	16	16	0	8	8
Transport	63	72	10	251	272	21
Supplies and Services	546	331	(215)	2,185	1,671	(514)
Third Party	13	(79)	(92)	53	53	0
Capital Financing	0	0	0	0	0	0
Contingency	18	0	(18)	169	159	(9)
Income	(150)	(99)	51	(600)	(537)	62
Net Revenue Expenditure	10,269	8,527	(1,742)	40,766	40,101	(665)
Use of Reserves	0	0	0	0	0	0
Financing Requirement	10,269	8,527	(1,742)	40,766	40,101	(665)
Financed by:						
Specific Grants	(10)	0	10	(40)	(2,526)	(2,485)
Net Financial Position	10,259	8,527	(1,732)	40,726	37,575	(3,150)



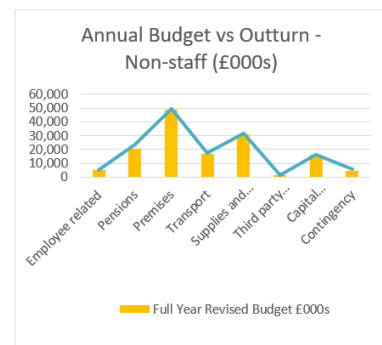
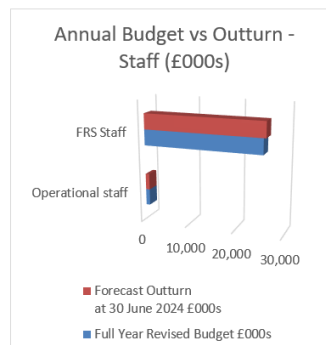
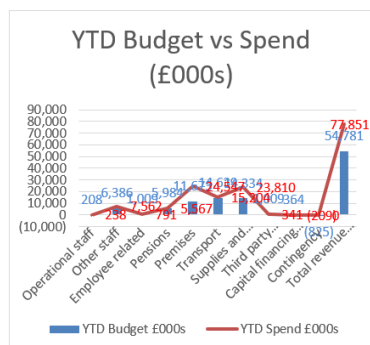
Section A LFC Directorate of Prevention, Protection and Policy I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)
<p>Operational Staff – underspend of £1,064k 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 with various measures being explored to address this.</p> <p>Other Staff – overspend of £768k This overspend is largely due to posts within Prevention and Protection that are offset by Protection Board income (£2,645k), see below, offset by a forecast underspend of £1,687k within Fire Safety, reflecting vacancies within the service.</p> <p>Supplies and Services – underspend of £514k This underspend largely reflects phased mobilisation of new investments and programme budgets across various projects.</p> <p>Specific Grants – over recovery of £2,485k This over recovery of income largely reflects the £2,534k Protection Uplift Grant allocation for 2024/25.</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 Q1	Variance on Forecast Outturn vs Revised Budget at Q1
Operational Staff	208	238	30	832	832	0
Other Staff	6,386	7,562	1,176	25,563	26,091	528
Employee Related	1,009	791	(218)	5,048	4,943	(105)
Pensions	5,984	5,567	(417)	20,773	23,878	3,106
Premises	11,673	24,547	12,874	48,585	49,256	671
Transport	14,639	15,204	564	16,769	17,164	395
Supplies and Services	14,334	23,810	9,476	30,695	31,021	326
Third Party	1,009	341	(668)	1,269	1,419	150
Capital Financing	364	(209)	(572)	16,000	16,000	0
Contingency	(825)	0	825	7,938	7,938	0
Income	(2,381)	(31,986)	(29,605)	(48,384)	(52,152)	(3,769)
Net Revenue Expenditure	52,399	45,864	(6,535)	125,087	126,388	1,301
Use of Reserves	0	0	0	(27,223)	(27,223)	0
Financing Requirement	52,399	45,864	(6,535)	97,864	99,165	1,301
Financed by:						
Specific Grants	(6,509)	(13,462)	(6,953)	(29,037)	(29,128)	(90)
Net Financial Position	45,890	32,402	(13,488)	68,827	70,038	1,211



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

Comments (Full Year Latest Forecast vs Budget)

Other Staff – overspend of £528k

This overspend largely reflects additional costs of agency staff in response to hard to recruit specialisms such as Finance.

Firefighter Pensions: Injury & Ill-health - overspend of £3,106k

Budget assumptions set for the current financial year assumed that inflation on costs during 2023/24 would be contained within existing budget levels due to a decreasing number of staff on injury and ill-health pensions. This was not the case with a £2,232k overspend experienced at March 2024. Work with the Local Pensions Partnership Administration (LPPA) is being undertaken to ensure a robust model for budget planning is in place for future years.

Premises – overspend of £671k

This overspend largely relates to property rates (£391k) and rents and service charges (190k) in Property & Technical Support Service (TSS), reflecting information currently available on commercial premises. This remains under review for Q2.

Year to date variance being driven by budget profile on rents, rates and PFI contract not aligned with timing of payments. This will be reviewed for Q2.

Transport - overspend of £395k

This overspend relates to pressures within Property - Technical & Support Service largely driven by the cost of accident repairs and wear and tear incurred over and above the core vehicle and equipment contract.

An overspend on vehicle passthroughs (these are unplanned costs outside of contract) is broken down by:

- £130k on accident repairs – these will be reviewed quarterly based on driver behaviour changes, with data shared with Fire Stations.
- £114k 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 spend.

Supplies & Services – overspend of £326k

The overspend is largely driven by timeline on delivery of a planned in year saving of £400k in respect of the scientific services contract within Procurement & Commercial. Work is underway to review the contract specification for future years, however no saving is anticipated for 2024/25.

Year to date variance being driven by budget profile on ICT and procurement contracts not aligned with timing of payments. This will be reviewed for Q2.

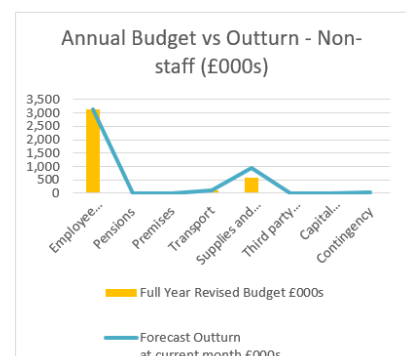
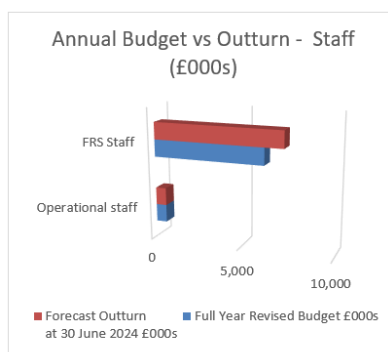
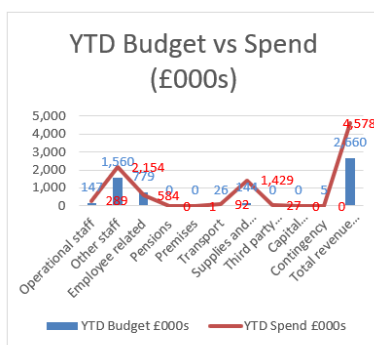
Income – over recovery of £3,769k

This over recovery is largely due to higher than budgeted interest receivable income, resulting from both higher interest rates and investment balances of £1,200k and a £351k investment dividend, along with a projected release from the bad debt provision of £1,300k, reflecting targeted work on resolving older debts.

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.

LFC Revenue (£000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at Q1	Variance on Forecast Outturn vs Revised Budget at Q1
Operational Staff	147	289	143	587	587	0
Other Staff	1,560	2,154	594	6,240	7,290	1,050
Employee Related	779	584	(195)	3,117	3,117	0
Pensions	0	0	0	0	0	0
Premises	0	1	1	0	0	0
Transport	26	92	66	104	104	0
Supplies and Services	144	1,429	1,286	994	994	0
Third Party	0	27	27	0	0	0
Capital Financing	0	0	0	0	0	0
Contingency	5	0	(5)	19	19	0
Income	0	(131)	(131)	0	0	0
Net Revenue Expenditure	2,660	4,447	1,787	11,061	12,111	1,050
Use of Reserves	0	0	0	(420)	(420)	0
Financing Requirement	2,660	4,447	1,787	10,641	11,691	1,050
Financed by:						
Specific Grants	0	0	0	0	0	0
Net Financial Position	2,660	4,447	1,787	10,641	11,691	1,050



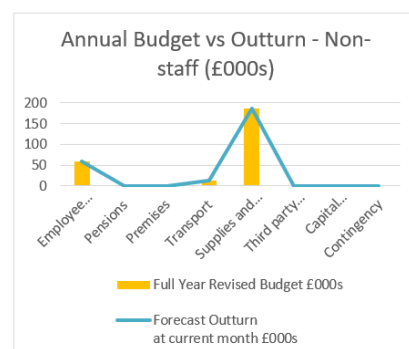
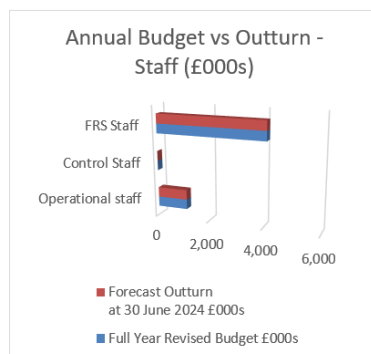
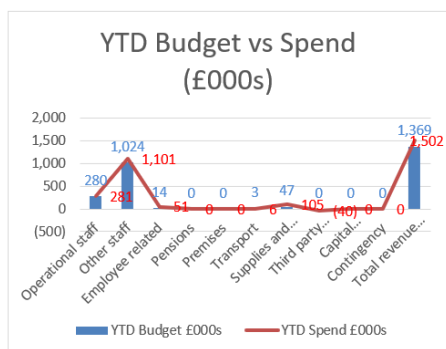
Section A LFC Directorate for People I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)
<p>Other Staff – overspend of £1,050k</p> <p>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). This is partially offset by budget held in respect of the Culture Transformation Programme, within the Preparedness & Response Directorate.</p>

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 Q1	Variance on Forecast Outturn vs Revised Budget at Q1
Operational Staff	280	281	0	1,121	1,121	0
Other Staff	1,024	1,101	76	4,098	4,098	0
Employee Related	14	51	36	58	58	0
Pensions	0	0	0	0	0	0
Premises	0	0	0	0	0	0
Transport	3	6	3	12	12	0
Supplies and Services	47	105	58	187	187	0
Third Party	0	(40)	(40)	0	0	0
Capital Financing	0	0	0	0	0	0
Contingency	0	0	0	0	0	0
Income	0	(1)	(1)	0	0	0
Net Revenue Expenditure	1,369	1,501	132	5,475	5,475	0
Use of Reserves	0	0	0	0	0	0
Financing Requirement	1,369	1,501	132	5,475	5,475	0
Financed by:						
Specific Grants	0	0	0	0	0	0
Net Financial Position	1,369	1,501	132	5,475	5,475	0



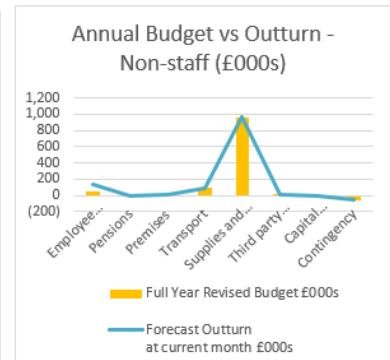
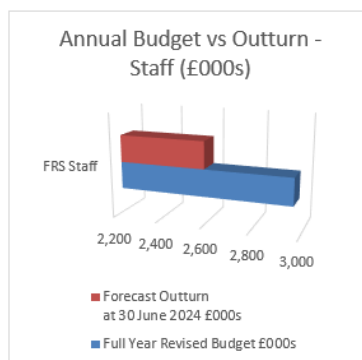
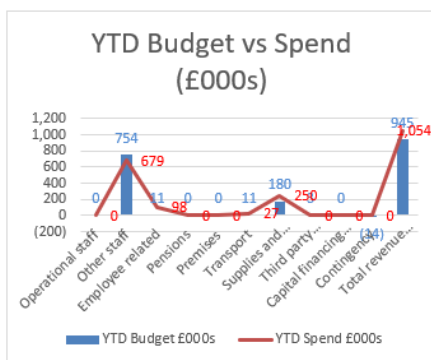
Section A LFC Directorate for Transformation I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)
<p>Budget held by the Transformation Directorate is largely staffing, funded through both core budget and planned use of the CRMP reserve. At this early stage of the year, no material variances have been identified against the 2024/25 budget plan.</p> <p>New investment in respect of the Transformation Programme(s) is held across Directorates, aligned to the relevant Senior Responsible Officer.</p>

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

The **Directorate of Communications and Engagement** oversees the way the organisation communicates and engages with the public, media, politicians, stakeholders and partners, as well as its own staff. It also oversees events, staff recognition, fundraising and the London Fire Brigade museum. The directorate is made up of four teams: external relations; internal communications; stakeholder engagement; and, community engagement.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance (Budget vs Spend)	Full Year Revised Budget	Forecast Outturn at Q1	Variance on Forecast Outturn vs Revised Budget at Q1
Operational Staff	0	0	0	0	0	0
Other Staff	754	679	(75)	3,015	2,636	(379)
Employee Related	11	98	87	45	143	98
Pensions	0	0	0	0	0	0
Premises	0	0	0	10	10	0
Transport	11	27	16	97	97	0
Supplies and Services	180	250	70	966	968	2
Third Party	3	0	(3)	11	11	0
Capital Financing	0	0	0	0	0	0
Contingency	(14)	0	14	(55)	(55)	0
Income	24	20	(4)	78	78	0
Net Revenue Expenditure	968	1,074	106	4,166	3,888	(279)
Use of Reserves	0	0	0	0	0	0
Financing Requirement	968	1,074	106	4,166	3,888	(279)
Financed by:						
Specific Grants	0	0	0	0	0	0
Net Financial Position	968	1,074	106	4,166	3,888	(279)



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

Comments (Full Year Latest Forecast vs Budget)
<p>Other Staff – underspend of £379k</p> <p>This underspend reflects a number of vacancies across the Directorate due to an ongoing review of strategic plans and structure.</p> <p>The financial impact of plans will remain under review for Q2.</p>

Section B

LFC Capital Summary Main Table

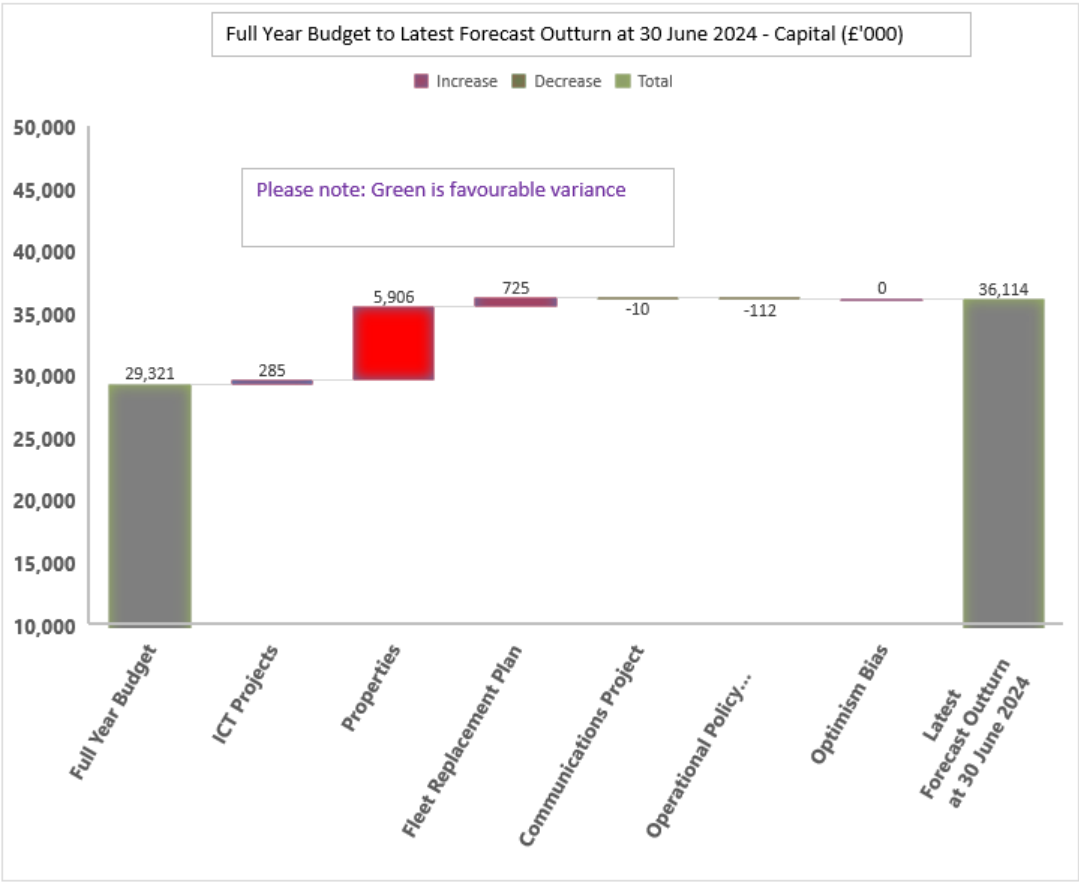
The Capital Budget for the current financial year was set at £29,300k and was approved as part of the Final Budget 2024/25 (LFC-24-027). This budget included a £3,200k optimism bias reduction, reflecting experience from previous years.

The budget profile is under review following the final 2023/24 capital outturn position, to reflect updated programme assumptions over the remainder of the 2024/25 financial year. At Q1 a forecast capital programme spend of £36,114 is reported but based on year to date spend, this seems highly optimistic and will be reviewed in more detail ahead of Q2.

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 in the summer of 2023. An action plan in response to those recommendations has been 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 June 2024	Variance Forecast Outturn vs Revised Budget	Actual Year to Date	Percentage of Budget
ICT Projects	3,827	4,112	285		0%
Properties	25,493	31,399	5,906	5,332	21%
Fleet Replacement Plan	1,975	2,700	725	289	15%
Communications Project	100	90	-10		0%
Operational Policy Equipment	1,125	1,013	-112	-57	-5%
Optimism Bias	-3,200	-3,200	0		0%
Total Capital Expenditure	29,321	36,114	6,794	5,564	19%
Financed by:					
Reserves	500	500	0		
Capital Receipts	0	0	0		
Capital Grants	0	2,093	2,093		
Borrowing	28,821	33,521	4,700		
Total Financing	29,321	36,114	6,794		
Grant Income	0	2,093	2,093		
Total Net of Grant	29,321	34,021	4,701		

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



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

Comments

Full Year Latest Forecast vs Budget

Overall, an additional forecast £6,794k is reported on the capital programme against the original approved budget (£4,701k net of grant).

ICT Projects – increased expenditure of £285k

This variance relates to several projects as outlined below.

Control & Mobilisation System (CAMS) - £630k re-phased from 2023/24 due to procurement delays.

Mobile Data Terminals Replacement - £1,586k now expected to be incurred in-year.

Operational Risk Database (One Risk) – (£1,297k) under review for capitalisation treatment due to changing nature of delivery.

Appliance workload Application – (£500k) now delayed.

Property Project – increased expenditure of £5,906k (£3,813k net of grant)

This variance relates to several projects as outlined below.

Roof Replacements - £624k rephased from 2023/24, with a further £954k programme acceleration

Appliance Bay Door Replacements - £162k rephased from 2023/24, with a further £1,075k programme acceleration

In addition, projects successfully attracting Salix Grant funding have brought forward expenditure in the capital programme from future years, with a forecast of £3,758k in 2024/25 (£1,665k net of grant). This includes the replacement of heating boilers at five fire stations and decarbonising nine fire stations.

Fleet Replacement Plan – increased expenditure of £725k

This is largely due to an accelerated programme in relation to Tactical Ventilation.

Programme wide optimism bias remains held in forecast of £3,200k, however given lower actual spend to date this remains under review for Q2.

Section C – Further Information

Summary – Savings and Investments Update (1/2)

The table below presents the current status of savings agreed as part of the budget 2024/25. 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.

Directorate	2024/25 TOTAL Budget Saving £'000	Q1 RAG
Communications	-55	
Corporate	-1,993	
People	-308	
Preparedness & Response	-771	
Prevention, Protection & Policy	-583	
TOTAL Directorate Savings	-3,710	
Review of Operational Support Units from Efficiency Review 2023/24	-1,500	
Balancing efficiencies target for 2024/25	-3,000	
Overall TOTAL	-8,210	

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

Corporate Services Scientific Services Contract - £400k

Work to review the contract specification is underway ahead of re-procurement of services in 2025; however, no saving is anticipated for the current financial year.

Organisation Wide Efficiency Targets

An efficiency target of £1,500k was identified during 2023/24, planned from Operational Support Unit reform savings which was deferred in light of changing risks (including from wildfires) and the development of the new Response strategy. While it is still expected that there is an opportunity to move to a more effective and efficient model in the future as part of a review of Specialist assets, no savings delivery is anticipated in the current year.

A further £3,000k of efficiencies were targeted as part of 2024/25 budget setting and these remain under review in conjunction with investment in Community Risk Management (CRMP) programmes and deliverables.

Summary – Savings and Investments Update (2/2)

The table below presents the current status of investment agreed as part of the budget 2024/25. 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.

		2024/25 TOTAL Budget Investment £'000	Q1 RAG
Directorate			
Communications		410	
Corporate		2,368	
People		285	
Preparedness & Response		4,688	
Prevention, Protection & Policy		1,136	
Transformation		170	
TOTAL		9,057	
CRMP Programmes		12,719	
Overall TOTAL		21,776	

Significant investment was built into the budget for 2024/25 to support the CRMP Programmes. Mobilisation of individual projects and workstreams will vary depending on complexity, and while an element of optimism bias was built into figures at the time of budget setting, slippage in-year will be further reviewed for Q2.

Summary – Reserves Position Update (1/2)

The balance on Reserves at March 2025 is forecast at £42,721k, a movement of £39,104k against the opening balance at March 2024 of £81,825k.

The revised forecast balance at March 2025 is a reduction of £12,879k on the £55,600k set out in the Final Budget 2024/25 (LFC-24-027). Total net use of reserves in-year has increased by £15,004k on that set out within the budget report, with the remaining change being a partial off-set as a result of updated opening balances following the closure of the draft 2023/24 year end position.

The 2023/24 audit is due to commence in July, and therefore opening balances may be further updated in due course.

General Reserve

The balance on the General Reserve at March 2025 is forecast at £13,136k, which is below the 3.5 per cent of the Net Revenue Expenditure budget planned to be held under the reserves policy of £18,171k. This includes an assumed transfer from the Budget Flexibility Reserve of £2,833k.

Identification of options to return the General Reserve balance to planned levels will be taken forward through the 2025/26 budget process.

General Reserve		Amount £'000
2024/25 Opening Balance on General Reserve		18,171
Forecast Overspend as at Q1		-7,868
Proposed transfer from Budget Flexibility Reserve		2,833
Forecast balance on General Reserve at March 2025		13,136

Budget Flexibility Reserve (BFR)

The BFR is currently forecast to be fully utilised by March 2025. The change in drawdown from the BFR since that assumed in the original budget report is set out below:

Budget Flexibility Reserve		Amount £'000
2024/25 Opening Balance on BFR		13,560
Opening Draw	As set out in the Final Budget Plan	-5,600
Reported at Q1	1% unbudgeted pay award	-3,123
	People Services external complaints service (CMP)	-420
Further Forecast	People Services – Phase 1	-1,380
	Finance & Procurement System	-204
Uncommitted Balance on BFR		2,833
Proposed transfer to General Reserve		-2,833
Forecast balance on BFR at March 2025		0

Earmarked Reserves

The balance on earmarked reserves at March 2025 is forecast at £29,585k, a net movement of £34,069k against the opening balance of £63,654k. The table below summaries movements on all reserves.

Any new service demands identified in-year will require careful prioritisation given the Budget Flexibility Reserve (BFR) is fully committed.

The corporate reserves position remains under review and will be updated in future financial reporting.

Summary – Reserves Position Update (2/2)

		Forecast included in Q1 Figures		Current Full Year Forecast for 2024/25		Movement on Budget Plan	
		Reserve Movements	Balance at 30/06/24	Full Year Forecasted use of Reserves	Forecasted Balance at 31/03/2025	Full Year Forecast as per Budget Plan	Q1 Movement on Budget Plan
LFB Reserves £'000	Balance at 01/04/24						
Building Safety Regulator	1,711		1,711		1,711		0
Fire Safety and Youth Engagement	6,577	(2,200)	4,377	(2,200)	4,377	(2,200)	0
London Resilience	1,341		1,341	(522)	819		(522)
LFB Museum Project	180	(100)	80	(100)	80	(100)	0
Fire Safety Improvement	24,711	(9,700)	15,011	(9,700)	15,011	(9,700)	0
Central Programme Office	328		328	(328)	0		(328)
Emergency Services Mobile Communication Programme	888		888		888		0
MTA Reserve	286		286		286		0
Vehicle & Equipment Reserve	2,358	(1,000)	1,358	(1,000)	1,358	(1,000)	0
Community Risk Management Plan	4,688	(2,700)	1,988	(2,700)	1,988	(2,700)	0
Grenfell Infrastructure Reserve	215		215		215		0
Compensation	749	(700)	49	(700)	49	(700)	0
Sustainability	171		171		171		0
ICT Development Reserve	2,631	(1,200)	1,431	(2,359)	272	(1,200)	(1,159)
Recruitment Reserve	1,342	(700)	642	(700)	642	(700)	0
Leadership Reserve	127	(100)	27	(100)	27	(100)	0
Organisational Reviews	0		0		0	(100)	100
HR Reserve	107		107		107		0
Communications	110	(100)	10	(100)	10	(100)	0
Pension Earmarked Reserve	1,559		1,559		1,559	(100)	100
Finance Reserve	15		15		15		0
Budget Flexibility	13,560	(9,143)	4,417	(13,560)	0	(5,600)	(7,960)
TOTAL Earmarked Reserves	63,654	(27,643)	36,011	(34,069)	29,585	(24,300)	(9,769)
General Reserve	18,171		18,171	(5,035)	13,136	200	(5,235)
TOTAL Reserves	81,825	(27,643)	54,182	(39,104)	42,721	(24,100)	(15,004)

Summary – Revenue Budget Movements Update (1/1)

The table below sets out the key movements in Q1 budget figures, from that reflected in the approved budget report.

The revised budget takes account of movements since budget setting that have been approved through delegated authority governance, and through further review of application of investments, particularly as programme plans develop.

In addition, some items held under individual subjective headings in the approved budget, are currently reflected under contingency, such as for pay award. These will be further reviewed for reallocation as the year progresses and detailed cost implications are known at a Directorate level.

				Key Movements at Q1			
	2024/25 Approved Budget £,000	2024/25 Budget at Q1 £,000	Movement £,000	Opening Subjective Review & Central Contingency	Additional Use of BFR	Assumed Pension Grant Top-up	Total
Operational Staff	340,300	338,500	-1,800	-4,800	0	3,000	-1,800
Other Staff	79,700	74,700	-5,000	-5,300	0	0	-5,300
Employee Related	32,800	36,000	3,200	3,100	0	0	3,100
Firefighter Pensions - Injury & Ill-Health Scheme	20,800	20,800	0	0	0	0	0
Premises	48,200	48,800	600	600	0	0	600
Transport	19,600	19,700	100	0	0	0	0
Supplies & Services	37,100	40,700	3,600	3,300	420	0	3,720
Third Party Payments	1,300	1,300	0	0	0	0	0
Contingency	0	7,100	7,100	4,100	3,123	0	7,223
Capital Financing Costs	16,000	16,000	0	0	0	0	0
Other Income	-50,000	-51,500	-1,500	-1,400	0	0	-1,400
Net Revenue Expenditure TOTAL	545,800	552,100	6,300	-400	3,543	3,000	6,143
<u>Funding:</u>							
Use of Earmarked Reserves	-23,900	-27,600	-3,700	0	-3,543	0	-3,543
Specific Grants	-26,800	-29,400	-2,600	400	0	-3,000	-2,600
Budget - Mayoral Funding	495,100	495,100	0	0	0	0	0

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 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 June 2024 is £2,408k, with £2,064k (86% of the total outstanding) over 30 days old.

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

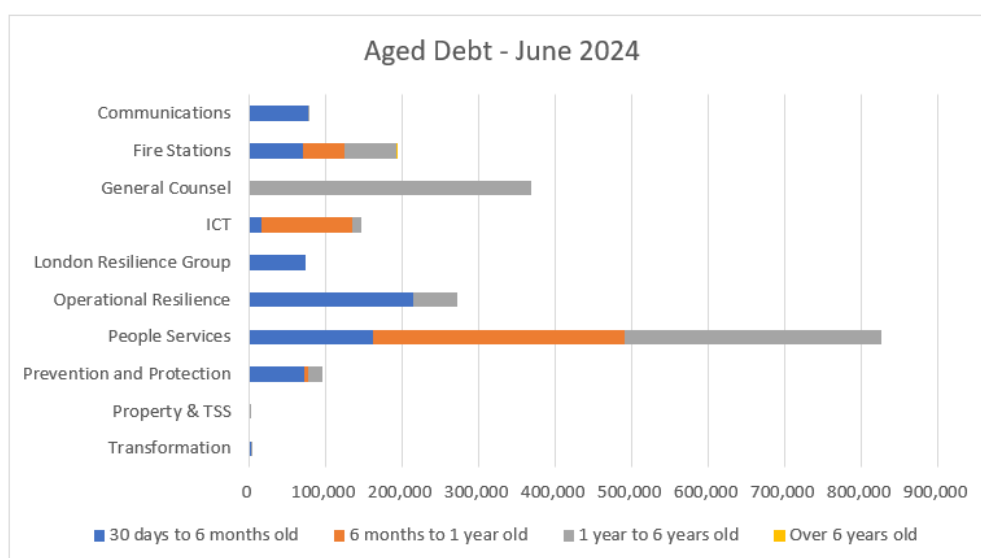
Age	Amount Outstanding (£)	No Of Invoices Outstanding
under 30 days	343,560	176
30 days to 6 months old	692,719	252
6 months to 1 year old	506,867	158
1 year to 6 years old	863,569	279
Over 6 years old	1,004	2
Grand Total	2,407,718	867

Ongoing work to review unallocated receipts is expected to have a significant impact on aged debt by Q2, and this remains under close review.

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
Transformation	3,032		114		3,146
Property & TSS		660	1,980		2,640
Prevention and Protection	72,535	5,510	18,092		96,136
People Services	162,442	327,757	336,731		826,929
Operational Resilience	215,250		56,819		272,069
London Resilience Group	74,609				74,609
ICT	16,907	117,938	12,198		147,043
General Counsel	750		367,877		368,627
Fire Stations	70,352	55,002	66,617	612	192,584
Communications	76,843		2,196		79,039
Grand Total	692,719	506,867	862,624	612	2,062,822



The tables above show particularly high debts relating to People Services however this is the area expected to be most positively impacted by the review of unallocated receipts referred to above.

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		Pensions Remedy
	3		Water Hydrants Command Support System	Telecommunications Income Cost of Borrowing Capital Rephasing TFF recourcing Inflation	Energy Costs Property Disposal New Unfunded Pressures Project costs not able to be capitalised due to changes in delivery model(s)	Failure to deliver planned savings and efficiencies
	2		Contractor Default Debt Charges	Review of Bad Debt Provision	MFB Act Income Fire Station Refurbishment	Additional Pensions Grant not received
	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 and while additional measures have been put in place to address this, and significant cost reductions seen over the past year, this remains under close review.
- Pensions Remedy – the pension remedy that impacts public sector pensions was 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. While this has not had the immediate impact previously thought, operational staffing forecasts remain under review.
- Failure to deliver planned savings and efficiencies - savings and deep dive efficiency targets set out as part of the 2024/25 budget remain under review but represent an ambitious programme of delivery in the current year.

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 Q1 is provided below:

Overall assessment of progress against Climate Budget 24-25	Quarterly RAG
	Q1
Progress against funded climate measures (Table A)	Green
Progress against unfunded climate measures (Table B)	Amber

Funded climate measures - Green

LFB funded climate budget projects are considered as on time. This includes 2 Salix and LFB funded projects 3B and 3C. 3B is due for completion at the end of August and will include 5 LFB fire stations fully decarbonised (net zero). The 3C project (9 fire stations, decarbonised) is now in design phase and due for delivery during 2025. LFB are delivering 12 sites with additional electrical infrastructure during 2024/25 and these projects are on schedule with DNO orders about to be placed. Additionally, the capital project team are delivering a number of window and roof replacement projects that will improve thermal efficiency of 12 fire stations, these projects are on target for completion by 2025. The only project listed in LFB Table A climate budget running behind schedule is the 4 solar PV arrays and these are behind due to higher than expected costs to deliver the project.

Unfunded climate measures - Amber

The LFB projects listed in the climate budget table B are unfunded and therefore are unable to receive governance, these projects are in design stages and can only be progressed following a budget allocation. The fleet vehicle replacement program has governance to replace like for like (diesel for diesel) however to re-purpose the ARP would require governance approval. This is the major reasoning for table B being amber.