



# **Finance Report**

## **Quarter 3, 2024/25**

---

**Financial Position as at 31 December 2024**

<b>Table of Contents</b>	<b>Page</b>
<b>Introduction and Background</b>	<b>3</b>
<b><u>Section A – Revenue Budget</u></b>	
LFC Revenue Summary – Main Table & Charts	4
LFC Revenue Summary – Key Variances	5 – 8
LFC Revenue Summary – Key Movements from Q2	9-11
LFC Revenue Summary – Net Financial Position by Directorate	12
LFC Directorate of Preparedness and Response	13 – 15
LFC Directorate of Prevention, Protection and Policy	16 – 17
LFC Directorate of Corporate Services	18 – 20
LFC Directorate of People	21 – 22
LFC Directorate of Transformation	23 – 24
LFC Directorate of Communications	25 – 26
<b><u>Section B – Capital Budget</u></b>	
LFC Capital Summary – Main Table & Charts	27
LFC Capital Summary – Key Variances	28 – 29
<b><u>Section C – Further Information</u></b>	
Summary – Savings and Investments Update	30 – 31
Summary – Reserves Position Update	32 – 34
Summary – Budget Movements Update	35
Summary – Key Performance Indicators (Aged Debt) Update	36 – 37
Summary – Risks to the Financial Position Update	38
Summary – Climate Budget Update	39

## **Introduction and background**

This report presents the financial position and forecast outturn for the 2024/25 financial year, as at the end of December 2024 (Q3).

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 reporting to the Investment and Finance Board (IFB), Commissioner's Board (CB), the Deputy Mayor's Fire Board (FB) 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.

### **Statement of Accounts 2023/24**

The Draft Statement of Accounts for 2023/24 was approved by the Chief Finance Officer (Director of Corporate Services) to meet the end of May 2024 deadline and published. External audit review commenced in late July, with audit opinion planned for sign off in February 2025. Year end adjustments identified as part of audit work have been incorporated into the Q3 report where these impact on opening reserve balances for the 2024/25 financial year.

### **Mayor's Budget for 2024/25**

The Mayor of London published his Budget Guidance for 2024/25 in 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 the final budget 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 was published in July 2024, with the draft budget submission made in line with the November 2024 deadline.

## Section A

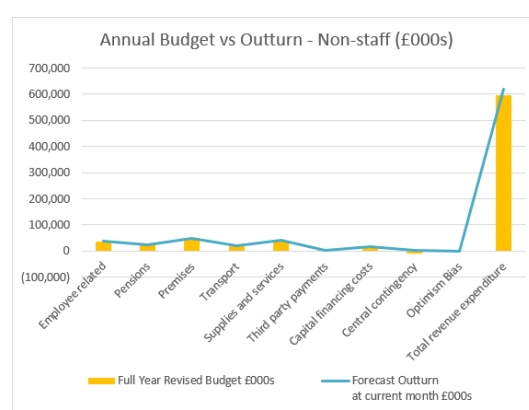
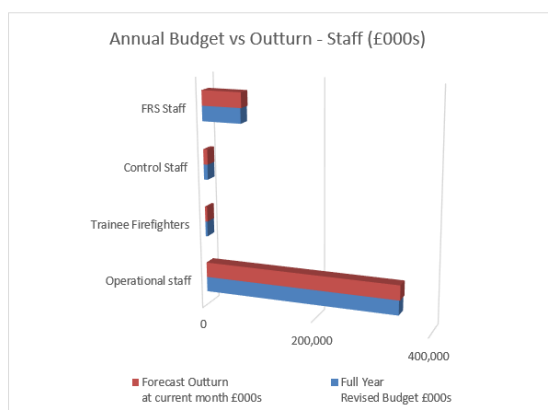
### LFC 2024/25 Revenue Summary Main Table

The table below sets out the Q3 Finance Position for LFC, broken down by subjective.

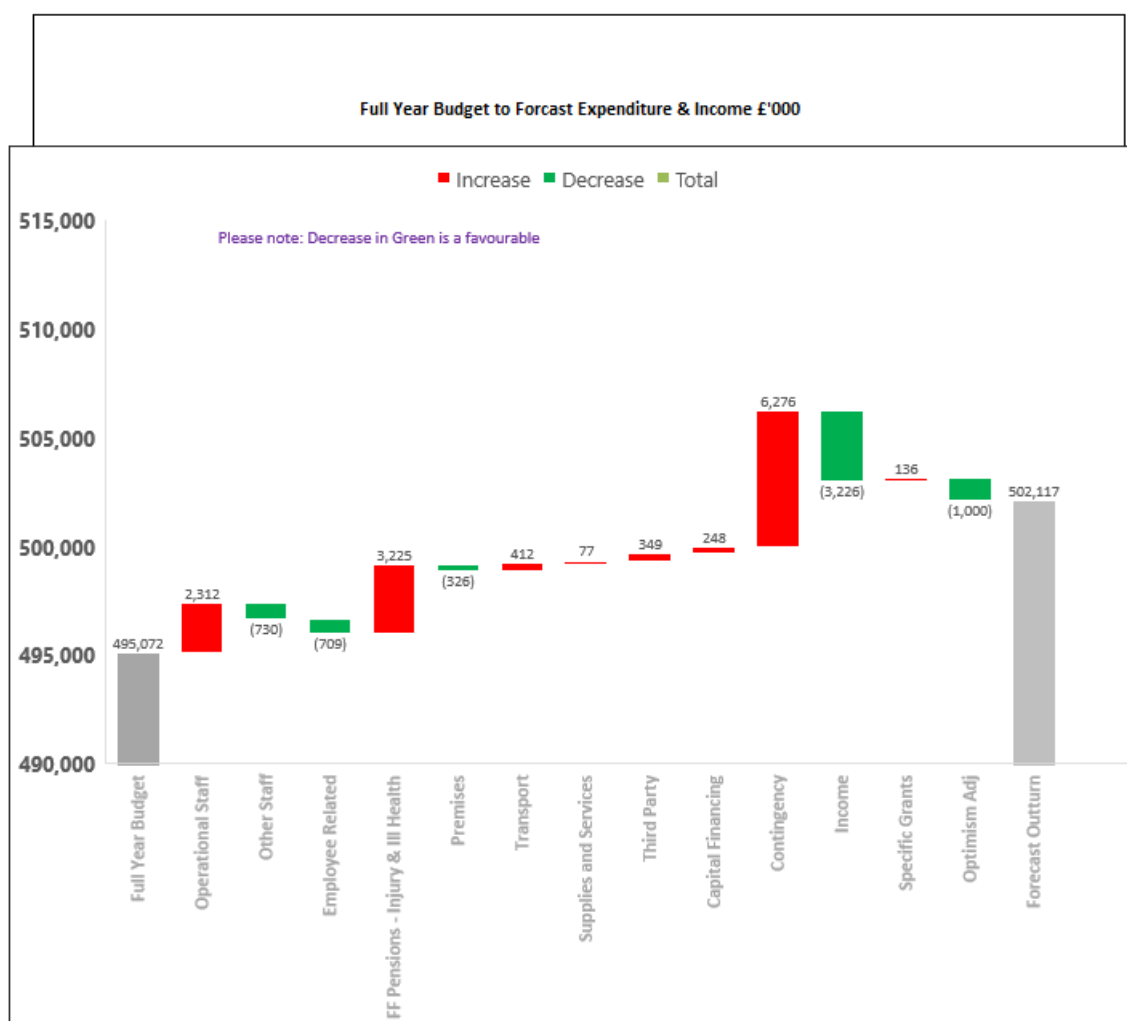
The forecast outturn at 31 December 2024 reports a projected overspend of £7,965k for the 2024/25 financial year, a reduction of £382k on that reported at Q2. This overspend will be covered by draws on reserves in 2024/25 and has broadly been factored into the November budget submission for 2025/26. This will be further refined through to final budget approval for 2025/26.

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]	G	H = [E - G]
LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q3	Variance Forecast Outturn vs Revised Budget at Q3	Forecast Outturn at Q2	Change on Forecast Outturn since Q2
Operational Staff	258,863	263,113	4,250	348,442	350,754	2,312	352,289	(1,535)
Other Staff	57,556	61,054	3,498	79,356	78,627	(730)	78,519	108
Employee Related	33,003	30,097	(2,906)	36,990	36,281	(709)	36,010	271
Firefighter Pensions - Injury & Ill Health	15,793	16,681	888	20,773	23,997	3,225	23,878	119
Premises	31,252	42,179	10,927	48,757	48,431	(326)	48,415	16
Transport	18,303	21,133	2,830	19,658	20,070	412	20,189	(119)
Supplies and Services	32,861	39,627	6,766	40,984	41,061	77	40,209	852
Third Party	1,062	275	(787)	1,333	1,682	349	1,490	192
Capital Financing	1,455	891	(564)	16,000	16,248	248	16,248	0
Contingency	(12,151)	0	12,151	(6,049)	228	6,276	969	(741)
Income	(47,969)	(38,999)	8,970	(51,194)	(54,419)	(3,226)	(55,040)	621
Forecast Optimism Bias	0	0	0	0	(1,000)	(1,000)	0	(1,000)
<b>Net Revenue Expenditure</b>	<b>390,028</b>	<b>436,051</b>	<b>46,022</b>	<b>555,050</b>	<b>561,959</b>	<b>6,909</b>	<b>563,175</b>	<b>(1,217)</b>
Use of Reserves	0	0	0	(29,107)	(28,187)	920	(28,103)	(84)
<b>Financing Requirement</b>	<b>390,028</b>	<b>436,051</b>	<b>46,022</b>	<b>525,943</b>	<b>533,772</b>	<b>7,829</b>	<b>535,072</b>	<b>(1,301)</b>
Financed by:								
Specific Grants	(19,692)	(22,156)	(2,464)	(31,790)	(31,653)	136	(31,653)	0
GLA Funding	(370,690)	(339,957)	30,733	(494,153)	(494,153)	(0)	(495,072)	919
<b>Net Financial Position (Outturn)</b>	<b>(353)</b>	<b>73,938</b>	<b>74,291</b>	<b>(0)</b>	<b>7,965</b>	<b>7,965</b>	<b>8,347</b>	<b>(382)</b>



## LFC Revenue Summary - Budget to Latest Forecast at Q3



## LFC Revenue Summary – Key Variances

### Comments Full Year Latest Forecast vs Budget

The full year forecast outturn at 31 December 2024 shows a projected net overspend (after reserves and grants) of £7,965k.

#### **Operational Staff - overspend of £2,312k**

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.

Operational overtime incorporates a range of overtime types including that for public holidays, stand by, pre-arranged, and hanging on. A forecast overspend of £7,700k is reported at Q3 for operational overtime in fire stations (excluding national insurance), with spend of £9,887k forecast against a budget of £2,187k.

Pre-Arranged Overtime (PAO) spend within Fire Stations is £4,026k for the first 9 months of 2024/25 (excluding national insurance). While this remains down significantly on the £7,296k experienced in 2022/23, it is an increase of £760k on the £3,266k for the same period in 2023/24. This increase includes the impact of a 4% pay award from July 2024.

A number of factors underpin this year on year increase, including the release of staff for critical training, such as the roll out of new breathing apparatus, Marauding Terrorist Attacks training and tactical ventilation. Other factors include release of staff for LFB Values sessions and leading culture conversations, Area Watch Leadership Days, vacancy and sickness levels, and responding to events such as civil unrest, major protests, UEFA Champions League Final, and weather warnings. The current forecast assumes that PAO over the remainder of the year will be more in line with last financial year due to reducing vacancies and reducing sickness levels which will continue to lower the overtime trajectory from the first half of the year. Opportunities to further revise forecasts from a wider focus on managing absence will be kept under review.

This is partially offset by underspend within Prevention and Protection of £1,046k as a result of vacancies. See individual Directorate Summary for more detail.

#### **Other Staff (including FRS and Control Staff groups) – underspend of £730k**

This underspend is largely due to vacancies across departments. An underspend is forecast within Prevention and Protection of £1,010k, with a further £923k in Preparedness & Response largely driven by revised programme and project spend profiles.

This is partially offset by overspend in People Services driven by changes in the leadership of the Directorate addressed using interim leadership and temporary supernumerary roles to drive improvement and transformation while organisational change is implemented. See individual Directorate Summaries for more detail.

The recently established Vacancy Control Panel is expected to drive further savings in-year. The potential impact of that is included in the £1m optimism adjustment applied overall to the forecast,

#### **Employee Related - underspend of £709k**

This underspend largely reflects phased mobilisation of new investments and programme budgets across various projects of £1,400k and a forecast underspend on the training contract within Learning & Professional Development of £542k. This is partially offset by £910k forecast overspend above budget on personal injury compensation claims within General Counsel.

## Comments

### Full Year Latest Forecast vs Budget

#### **Firefighter Pensions: Injury & Ill-health - overspend of £3,225k**

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 - underspend of £326k**

This underspend largely relates to efficiencies of £858k delivered by Property & Technical Support Service (TSS) on energy costs with both reduced unit costs and consumption experienced in comparison to last financial year. This is partially offset by property rates (£262k) and soft facility management costs (£206k).

#### **Transport - overspend of £412k**

This overspend relates mainly to Property & TSS, with £544k relating to the vehicle and equipment contract and other vehicle costs such as contract hire and accident repairs.

In addition, within Preparedness & Response, an overspend on costs associated with training within Operational Resilience is being offset by underspend on fuel costs within Fire Stations. Reduced costs of fuel are in part related to reduced activity from changes to automatic fire alarm response. Work to review the recurring nature of these variances and any ongoing budget opportunity is being explored as part of 2025/26 budget planning.

#### **Supplies and Services - overspend of £77k**

The overspend is largely driven by pressures within Corporate Services. This includes a £400k planned budget saving from a review of the scientific services contract that is now not expected to be delivered in-year. This is largely offset by a range of other underspends including timing of project spend associated with the transformation programme.

See individual Directorate Summaries for more detail.

#### **Third Party - overspend of £349k**

The overspend is largely driven by costs within Central Finance, including External Audit Fees and Pension Services.

#### **Capital Financing - overspend of £248k**

The overspend reflects information available on external borrowing costs and remains under review.

#### **Contingency (centrally held items) – overspend of £6,276k (much of it reflected in savings in other lines)**

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 a firm expectation that there will be a more effective and efficient model in 2025-26, no savings delivery is anticipated in the current year.

A further £3,400k is in respect of efficiency saving targets held centrally but being delivered across a range of budgets, such as energy efficiencies within premises, and review of strategic priorities associated with the transformation.

The balance reflects variances against prior year assumptions for contractual inflation, underlying pay assumptions and other budget changes.

## Comments

### Full Year Latest Forecast vs Budget

#### **Income – over recovery £3,226k**

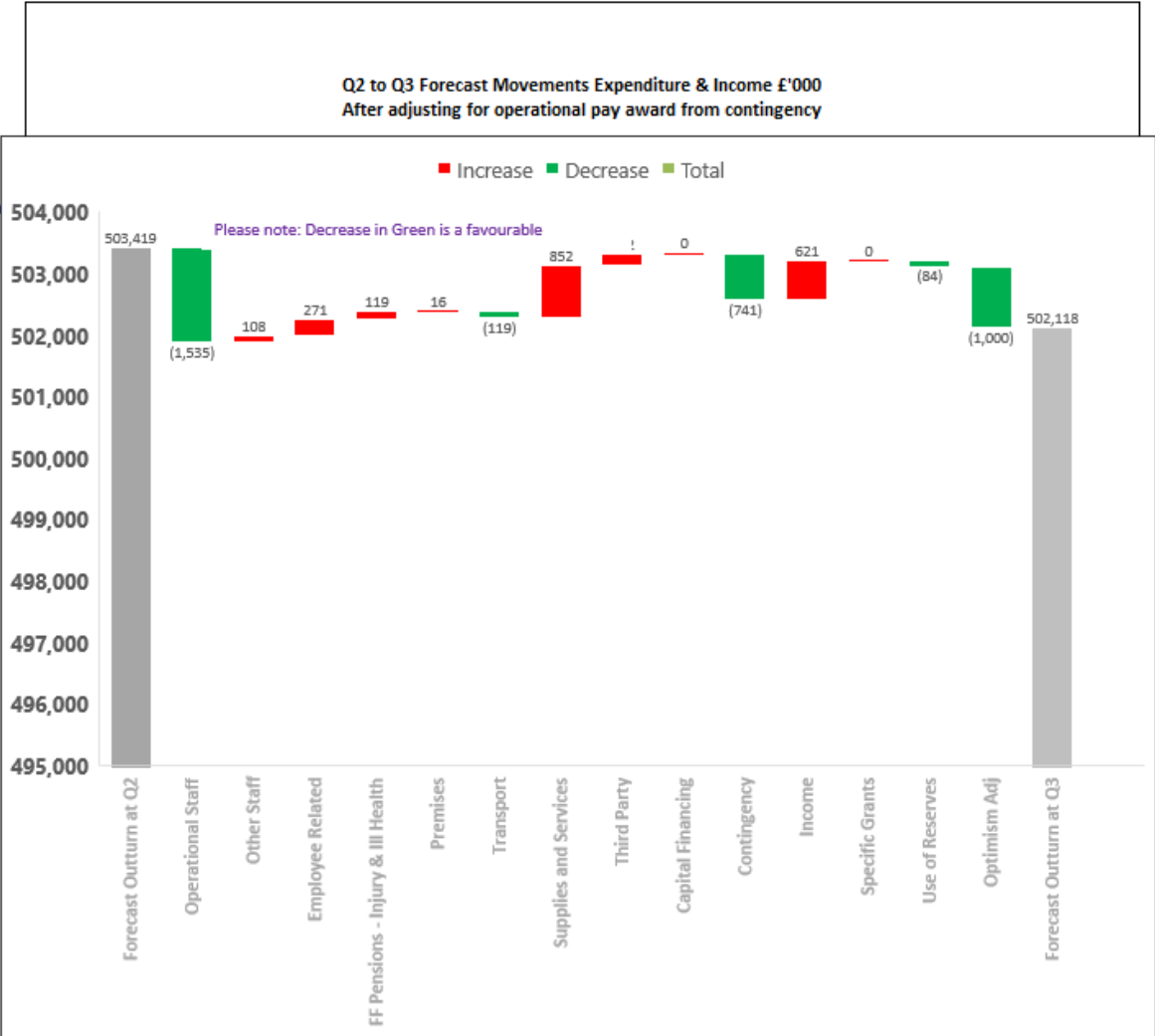
This over recovery is largely due to higher than budgeted interest receivable income, resulting from both higher interest rates and investment balances of £2,170k and a £351k investment dividend, along with a projected release from the bad debt provision of £450k, reflecting targeted work on resolving older debts. The balance largely relates to insurance income within General Counsel recovered in relation to legal cases.

#### **Forecast Optimism Bias – overarching reduction to forecast £1,000k**

This reflects previous year(s) experience of prudence in forecasts by budget managers, alongside expected traction on savings being targeted as part of 2025/26 budget challenge and focussed management actions such as the Vacancy Control Panel.



LFC Revenue Summary - Forecast at Q3 to that reported at Q2



## LFC Revenue Summary – Key Movements from Q2

### Comments Full Year Q3 Forecast vs Q2

The forecast outturn at 31 December 2024 shows a favourable movement of £382k on that reported at Q2.

#### **Operational Staff – reduced forecast of £1,535k**

This forecast movement largely represents updated assumptions in respect of the operational staff group within Preparedness and Response of £915k. This is largely driven by a range of variables within Fire Stations including leaver rates being managed without a corresponding increase in overtime. The balance largely relates to a reduction in forecast within Prevention, Protection & Policy, reflecting slowed recruitment and updated staffing plans.

#### **Other Staff (including FRS and Control Staff groups) – increased forecast of £108k**

This movement reflects FRS pay award previously held in contingency of £2.6m but now built into staffing forecasts across Directorates. This is offset by a reduction to the Preparedness & Response forecast in respect of the London Resilience Group transfer arrangement to the GLA which is now reflected in both budgets and forecasts, and reduced forecast assumptions in Preparedness and Response associated with the Culture Transformation Programme.

#### **Employee Related – increase on forecast of £271k**

This increase largely reflects redundancy and severance costs associated with People Services restructure of £380k (largely funded by approved use of reserves) and an increase on expected personal injury compensation claims within General Counsel. This is partially offset by a reduction in the forecast for the training contract within Learning & Professional Development.

#### **Supplies and Services – increase on forecast of £852k [£381k net of income and reserves]**

This increase is driven by a variety of updates to forecast assumptions, including £271k within General Counsel for settlement claims offset by additional income, and £200k within People Services funded through approved use of reserves. In addition, costs associated with executive recruitment and external communication support are now included in the forecast within Corporate Services.

#### **Contingency – reduction on forecast of £741k**

This reduction reflects £2,600k 2024/25 pay award forecast that is now reflected on Other Staff above, partially offset by £1,900k efficiency savings budgeted here but delivered across other budget headings.

#### **Income – reduction on forecast of £621k**

The reduction largely reflects changes to forecast of £606k associated with the London Resilience Group transfer to the GLA, which has net zero impact to the LFB financial position, sitting across a range of budget headings. In addition, a reduction on telecoms income forecast within Property & TSS of £193k has been reported.

This has been partially offset by an increase to income within General Counsel, linked to additional claim costs within Supplies & Services above.

#### **Forecast Optimism Bias – overarching reduction to forecast £1,000k**

This reflects previous year(s) experience of prudence in forecasts by budget managers, alongside expected traction on savings being targeted as part of 2025/26 budget challenge and focussed management actions such as the Vacancy Control Panel.

## Comments

### Full Year Q3 Forecast vs Q2

#### **Use of Reserves – increased forecast of £84k**

This movement reflects updated assumptions on in-year draws on the Budget Flexibility Reserve and other Earmarked Reserves, including that associated with People Services severance costs under Employee Related above. See Reserves Update on page 32 for more information.

#### **GLA Funding – reduction in forecast funding of £919k**

This reflects the transfer of the London Resilience Group to the GLA on a cost neutral basis and is offset by adjustments above across other subjective headings.

## 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 £7,965k forecast outturn overspend being driven by the budget pressure seen within the Preparedness & Response Directorate and Corporate Services (much of which relates to LFB-wide budget items held centrally).

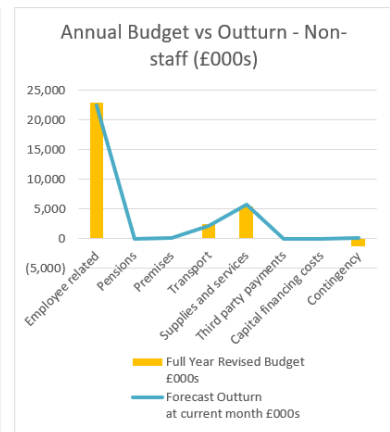
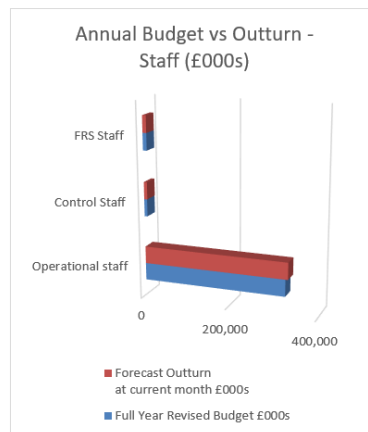
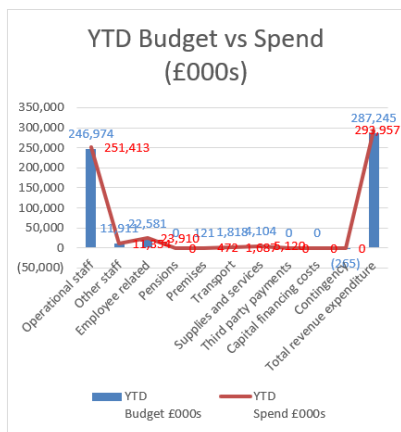
Please refer to each Directorate detailed summary for further information.

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	Full Year Revised Budget	Forecast Outturn at Q3	Variance Forecast Outturn vs Revised Budget at Q3	Forecast Outturn at Q2	Change on Forecast Outturn since Q2
Corporate Services	38,171	77,527	39,356	56,554	64,960	8,407	62,698	2,262
Preparedness and Response (P&R)	285,520	292,938	7,418	375,543	379,183	3,640	382,511	(3,328)
People	8,204	10,112	1,908	10,938	12,615	1,676	12,176	439
Communications	3,187	2,802	(385)	4,288	3,532	(756)	3,490	43
Prevention, Protection and Policy	30,476	25,441	(5,034)	40,459	36,310	(4,149)	36,391	(82)
Transformation	4,778	5,075	297	6,371	6,518	147	6,153	365
Forecast Optimism Bias	0	0	0	0	(1,000)	(1,000)	0	(1,000)
<b>Total</b>	<b>370,337</b>	<b>413,895</b>	<b>43,559</b>	<b>494,153</b>	<b>502,118</b>	<b>7,965</b>	<b>503,419</b>	<b>(1,301)</b>

## 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	Full Year Revised Budget	Forecast Outturn at Q3	Variance Forecast Outturn vs Revised Budget at Q3	Forecast Outturn at Q2	Change on Forecast Outturn since Q2
Operational Staff	246,974	251,413	4,440	332,589	335,795	3,206	336,710	(915)
Other Staff	11,911	11,354	(557)	15,882	14,959	(923)	17,036	(2,077)
Employee Related	22,581	23,910	1,329	22,931	22,410	(521)	22,791	(380)
Pensions	0	0	0	0	0	0	0	0
Premises	121	472	351	162	57	(105)	58	(1)
Transport	1,818	1,687	(131)	2,424	2,145	(279)	2,595	(450)
Supplies and Services	4,104	5,120	1,016	5,473	5,781	308	6,031	(250)
Third Party	0	0	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	(265)	0	265	(1,327)	48	1,375	48	0
Income	(1,592)	(1,019)	573	(2,122)	(1,722)	401	(2,467)	745
<b>Net Revenue Expenditure</b>	<b>285,654</b>	<b>292,938</b>	<b>7,284</b>	<b>376,012</b>	<b>379,474</b>	<b>3,462</b>	<b>382,802</b>	<b>(3,328)</b>
Use of Reserves	0	0	0	(291)	(291)	0	(291)	0
<b>Financing Requirement</b>	<b>285,654</b>	<b>292,938</b>	<b>7,284</b>	<b>375,721</b>	<b>379,183</b>	<b>3,462</b>	<b>382,511</b>	<b>(3,328)</b>
Financed by:								
Specific Grants	(133)	0	133	(178)	0	178	0	0
<b>Net Financial Position</b>	<b>285,520</b>	<b>292,938</b>	<b>7,418</b>	<b>375,543</b>	<b>379,183</b>	<b>3,640</b>	<b>382,511</b>	<b>(3,328)</b>



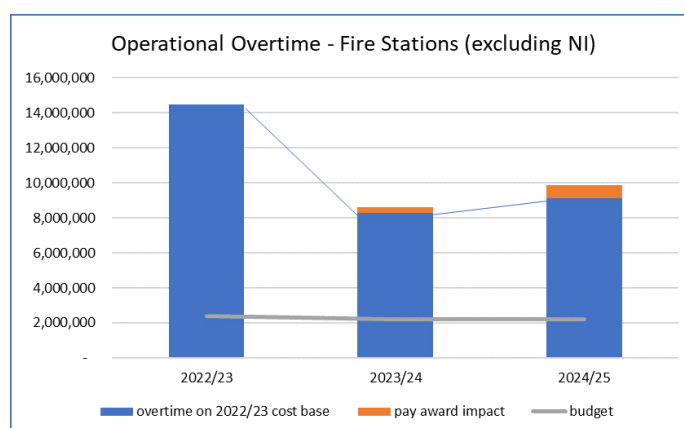
## Section A LFC Directorate of Preparedness and Response I/E (2/2)

### Comments Full Year Latest Forecast vs Budget

#### Operational Staff – overspend of £3,206k

This overspend is largely due to the impact of operational overtime forecast in Fire Stations. Operational overtime incorporates a range of overtime types including that for public holidays, stand by, pre-arranged, and hanging on.

A forecast overspend of £7,700k is reported at Q3 for operational overtime in fire stations (excluding national insurance), with spend of £9,887k forecast against a budget of £2,187k. The table below shows how both budget and actual / forecast compares to the last two financial years, including the impact of pay awards on the 2022/23 cost base. Spend in 2022/23 across all operational overtime in fire stations was £14.5m against a budget of circa £2m. While spend has reduced significantly on that 2022/23 baseline to a forecast of £9,887k in the current financial year, the budget has remained largely flat.



While an overspend on overtime is forecast for the year, this is partially offset by underspend on base salaries as vacancies continue to run above that planned for through the Average Vacancy Margin (AVM) set at the time of budget setting. While Fire Fighter vacancies were 145 at the end of December 2024, above the 100 Average Vacancy Margin assumed in the budget, this remains significantly lower than the high of 300 seen in previous years.

Pre-Arranged Overtime (PAO) spend within Fire Stations is £4,026k for the first 9 months of 2024/25 (excluding national insurance). While this remains down significantly on the £7,296k experienced in 2022/23, it is an increase of £760k on the £3,266k spend for the same period in 2023/24. Several 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. Other factors include release of staff for LFB Values sessions and leading culture conversations, Area Watch Leadership Days, vacancy and sickness levels, and responding to events such as civil unrest, major protests, UEFA Champions League Final, and weather warnings. The current forecast assumes that PAO over the remainder of the year will be more in line with last financial year due to reducing vacancies and reducing sickness levels which will continue to lower the overtime trajectory from the first half of the year. Opportunities to further revise forecasts from a wider focus on managing absence will be kept under review.

In addition to the above, an underspend on secondments within Learning & Professional Development is forecast (£600k), which has also resulted in an under recovery of income, see below.

## Comments

### Full Year Latest Forecast vs Budget

The forecast reduction from Q2 reported of £915k largely reflects updated assumptions on a range of variables that underpin the forecast including leaver rates being managed without a corresponding increase in overtime.

#### **Other Staff – underspend of £923k**

This underspend is largely driven by reduced forecasts on Culture Transformation Programme spend, partially offset by overtime in Control and Mobilising of £591k.

The forecast reduction from Q2 reported of £2,077k largely reflects the transfer of the London Resilience Group to the GLA now adjusted in budgets and forecasts, and the updated programme spend profile.

#### **Employee Related – underspend of £521k**

This underspend largely reflects updated forecast assumptions in respect of the training contract within Learning & Development, reduced from that reported at Q2.

#### **Supplies and Services – overspend of £308k**

Within Fire Stations £200k relates to hygiene and medical supplies, and in Operational Resilience a forecast overspend of £669k is largely in respect of training delivery that is partially offset by additional income.

This is partially offset by phased mobilisation of new investments and programme budgets across various projects, and in particular £404k held to fund transformation costs within People Services.

#### **Contingency – overspend of £1,375k**

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 2025/26, no savings delivery is anticipated in the current year. This reflects the position reported at Q2.

#### **Income – under recovery of £401k**

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. The reduction on forecast income of £745k from that reported at Q2 largely reflects the transfer of London Resilience Group to the GLA.

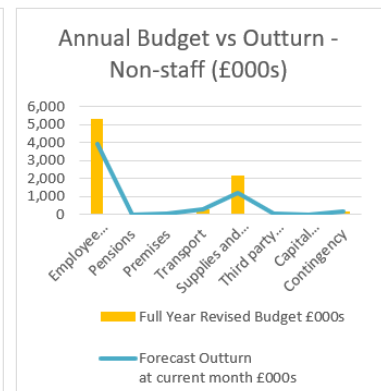
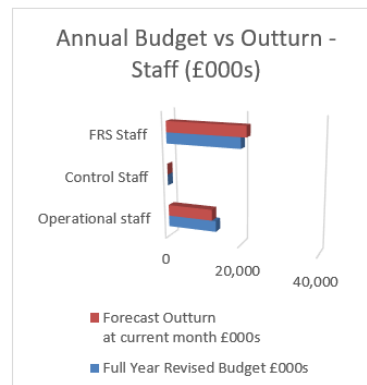
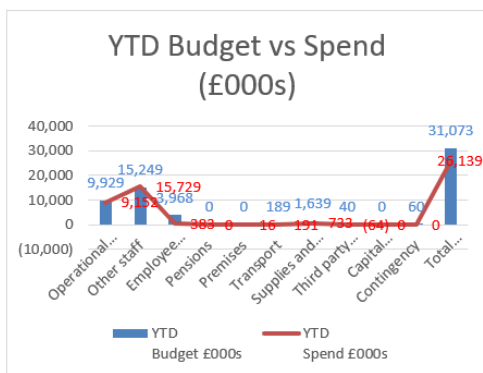
#### **Specific Grants – under recovery of £178k**

This reflects an element of standalone grant that is now rolled into the New Dimensions Grant and reported under Corporate Services. This reflects the position reported at Q2.

## 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, including wellbeing.

LFC Revenue (£000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q3	Variance Forecast Outturn vs Revised Budget at Q3	Forecast Outturn at Q2	Change on Forecast Outturn since Q2
Operational Staff	9,929	9,152	(777)	13,238	12,192	(1,046)	12,828	(636)
Other Staff	15,249	15,729	480	22,594	21,539	(1,055)	20,946	593
Employee Related	3,968	383	(3,585)	5,291	3,940	(1,351)	3,939	1
Pensions	0	0	0	0	0	0	0	0
Premises	0	16	16	0	10	10	8	2
Transport	189	191	2	251	294	42	266	28
Supplies and Services	1,639	733	(905)	2,185	1,390	(794)	1,243	147
Third Party	40	(64)	(104)	53	53	0	53	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	60	0	(60)	176	150	(27)	150	0
Income	(567)	(697)	(130)	(756)	(732)	24	(515)	(217)
<b>Net Revenue Expenditure</b>	<b>30,506</b>	<b>25,441</b>	<b>(5,065)</b>	<b>43,033</b>	<b>38,836</b>	<b>(4,197)</b>	<b>38,917</b>	<b>(82)</b>
Use of Reserves	0	0	0	0	0	0	0	0
<b>Financing Requirement</b>	<b>30,506</b>	<b>25,441</b>	<b>(5,065)</b>	<b>43,033</b>	<b>38,836</b>	<b>(4,197)</b>	<b>38,917</b>	<b>(82)</b>
Financed by:								
Specific Grants	(30)	0	30	(2,574)	(2,526)	49	(2,526)	0
<b>Net Financial Position</b>	<b>30,476</b>	<b>25,441</b>	<b>(5,034)</b>	<b>40,459</b>	<b>36,310</b>	<b>(4,149)</b>	<b>36,391</b>	<b>(82)</b>





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

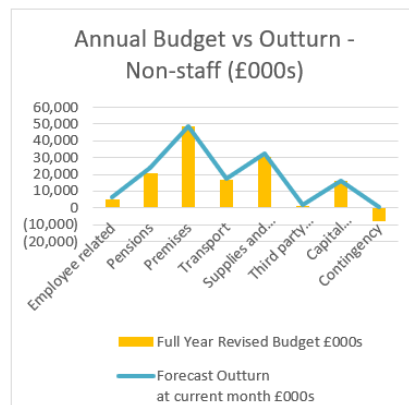
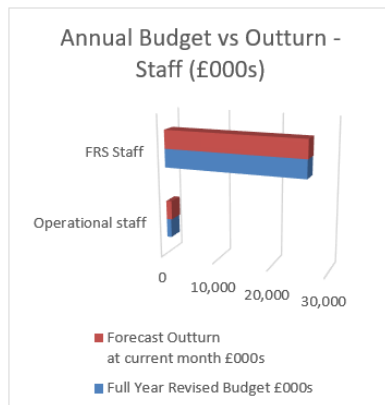
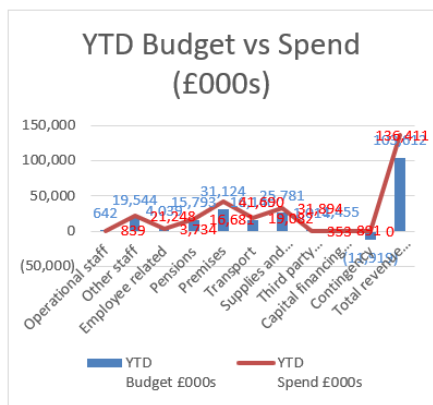
Comments (Full Year Latest Forecast vs Budget)
<p><b>Operational Staff – underspend of £1,046k</b> This underspend relates to Prevention &amp; Protection (Fire Safety Delivery) largely as a result of vacancies within the service. This is due to a skills shortage across the sector with various measures being explored to address this.</p> <p><b>Other Staff – underspend of £1,055k</b> This underspend is largely within Fire Safety, reflecting vacancies within the service. The increase in forecast from Q2 reflects FRS staff group pay award, previously held within contingency, now in departmental figures.</p> <p><b>Employee Related – underspend of £1,351k</b> This underspend largely reflects phased mobilisation of new investments and programme budgets across various projects.</p> <p><b>Supplies and Services – underspend of £794k</b> This underspend largely reflects phased mobilisation of new investments and programme budgets across various projects.</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	Full Year Revised Budget	Forecast Outturn at Q3	Variance Forecast Outturn vs Revised Budget at Q3	Forecast Outturn at Q2	Change on Forecast Outturn since Q2
Operational Staff	642	839	197	855	1,027	172	1,044	(17)
Other Staff	19,544	21,248	1,704	26,290	26,175	(116)	25,327	848
Employee Related	4,039	3,734	(305)	5,228	6,233	1,005	5,963	270
Pensions	15,793	16,681	888	20,773	23,997	3,225	23,878	119
Premises	31,124	41,690	10,566	48,585	48,353	(231)	48,338	15
Transport	16,140	19,082	2,941	16,769	17,375	606	17,122	253
Supplies and Services	25,781	31,894	6,113	30,897	31,875	978	31,080	795
Third Party	1,014	353	(661)	1,269	1,618	349	1,426	192
Capital Financing	1,455	891	(564)	16,000	16,248	248	16,248	0
Contingency	(11,919)	0	11,919	(4,862)	66	4,928	807	(741)
Income	(45,865)	(36,758)	9,107	(48,394)	(52,044)	(3,650)	(52,136)	92
<b>Net Revenue Expenditure</b>	<b>57,748</b>	<b>99,653</b>	<b>41,905</b>	<b>113,411</b>	<b>120,924</b>	<b>7,512</b>	<b>119,098</b>	<b>1,826</b>
Use of Reserves	0	0	0	(27,756)	(26,836)	920	(27,272)	436
<b>Financing Requirement</b>	<b>57,748</b>	<b>99,653</b>	<b>41,905</b>	<b>85,655</b>	<b>94,088</b>	<b>8,432</b>	<b>91,826</b>	<b>2,262</b>
Financed by:								
Specific Grants	(19,528)	(22,156)	(2,628)	(29,037)	(29,128)	(90)	(29,128)	0
<b>Net Financial Position</b>	<b>38,220</b>	<b>77,497</b>	<b>39,277</b>	<b>56,618</b>	<b>64,960</b>	<b>8,342</b>	<b>62,698</b>	<b>2,262</b>

Table Note: Q2 forecast has been restated to reflect a structural change of team moving into Transformation from Corporate Services, allowing comparison Q on Q.



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

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

#### **Other Staff – underspend of £116k**

The increase on forecast to that reported at Q2 largely reflects FRS staff group pay award, previously held in contingency, and now within departmental budgets and forecasts

#### **Employee Related – overspend of £1,005k**

This overspend reflects above budget costs on forecast personal injury settlements for the year, with the increase on that reported at Q2 due to updated information on complex cases. The compensation earmarked reserve held to support this budget is now fully utilised, resulting in the reported in-year overspend.

#### **Firefighter Pensions: Injury & Ill-health - overspend of £3,225k**

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, and the draft 2025/26 budget includes an uplift to meet expected commitments.

#### **Premises – underspend of £231k**

This underspend largely relates to efficiencies of £858k delivered by Property & Technical Support Service (TSS) on energy costs with both reduced unit costs and consumption experienced in comparison to last financial year.

This is partially offset by property rates (£262k) and soft facility management costs (£206k).

Year to date variance being driven by budget profile on rents, rates and PFI contract not aligned with timing of payments. Improvements to budget profiling are being explored as part of the implementation of the new finance system for future financial years.

#### **Transport - overspend of £606k**

This overspend relates to pressures within Property - TSS largely driven by the cost of accident repairs and wear and tear incurred over and above the core vehicle and equipment contract, along with contract hire costs.

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

- £211k on accident repairs – these will be reviewed quarterly based on driver behaviour changes, with data shared with Fire Stations.
- £174k 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 £978k**

The overspend is driven by a range of budget areas across Corporate Services. This includes timeline on delivery of a planned in year saving of £400k in respect of the scientific services contract within Procurement & Commercial. Work continues to review options on the contract specification for future years, however no saving is anticipated for 2024/25.

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

Other areas contributing to the overspend include £354k of legal fees within General Counsel which is offset by insurance income.

The year to date variance is being driven by budget profile on ICT and procurement contracts not aligned with timing of payments. Improvements to budget profiling are being explored as part of the implementation of the new finance system for future financial years.

**Third Party – overspend of £349k**

The overspend is being driven by external audit fees and costs of the Pension Service.

**Capital Financing – overspend of £248k**

While an overspend is currently being reported on capital financing costs for the year, it is anticipated that this will reduce as information underpinning capital forecasts continues to develop.

**Contingency – overspend of £4,928k**

A significant proportion of this budget variance (£3,400k) relates to efficiency targets held centrally but being delivered across other areas of the budget, such as the £858k efficiencies on energy costs, see Premises above.

The balance reflects variances against prior year assumptions for contractual inflation, underlying pay assumptions and other budget changes.

The £741k reduction on that reported at Q2 includes the adjustment for FRS staff group pay award, previously held centrally, and now forecast against individual Directorate budgets.

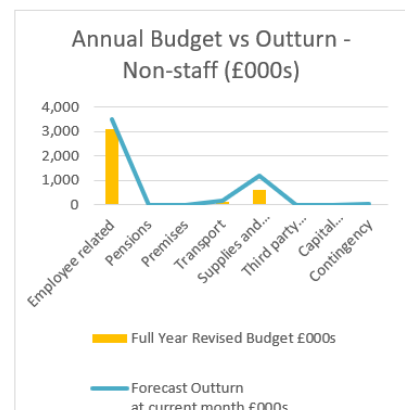
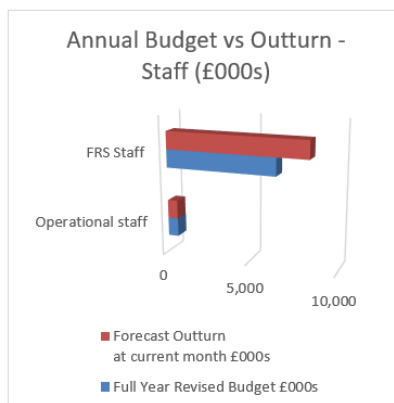
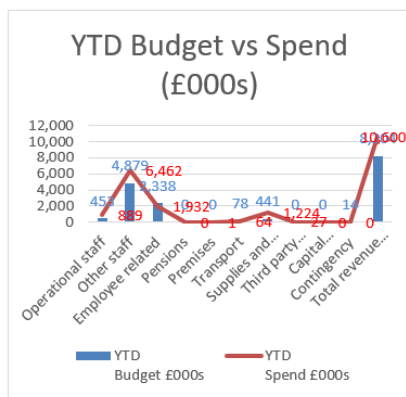
**Income – over recovery of £3,650k**

This over recovery is largely due to higher than budgeted interest receivable income, resulting from both higher interest rates and investment balances of £2,170k and a £351k investment dividend, along with a projected release from the bad debt provision of £450k, reflecting targeted work on resolving older debts. The balance relates to a range of other income sources, including insurance income within General Counsel recovered in relation to legal cases.

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

The **Directorate for People** oversees every aspect of the employee lifecycle, with the exception of operational training, counselling and wellbeing services which are moving to other Directorates to reflect the transformed structure.

LFC Revenue (£000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q3	Variance Forecast Outturn vs Revised Budget at Q3	Forecast Outturn at Q2	Change on Forecast Outturn since Q2
Operational Staff	453	889	436	604	587	(18)	587	0
Other Staff	4,879	6,462	1,583	6,505	8,100	1,594	7,771	329
Employee Related	2,338	1,932	(405)	3,437	3,497	60	3,117	380
Pensions	0	0	0	0	0	0	0	0
Premises	0	1	1	0	0	0	0	0
Transport	78	64	(14)	104	154	50	104	50
Supplies and Services	441	1,224	783	1,208	1,198	(10)	998	200
Third Party	0	27	27	0	0	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	14	0	(14)	19	19	0	19	0
Income	0	(488)	(488)	0	0	0	0	0
<b>Net Revenue Expenditure</b>	<b>8,204</b>	<b>10,112</b>	<b>1,908</b>	<b>11,878</b>	<b>13,555</b>	<b>1,676</b>	<b>12,596</b>	<b>959</b>
Use of Reserves	0	0	0	(940)	(940)	0	(420)	(520)
<b>Financing Requirement</b>	<b>8,204</b>	<b>10,112</b>	<b>1,908</b>	<b>10,938</b>	<b>12,615</b>	<b>1,676</b>	<b>12,176</b>	<b>439</b>
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
<b>Net Financial Position</b>	<b>8,204</b>	<b>10,112</b>	<b>1,908</b>	<b>10,938</b>	<b>12,615</b>	<b>1,676</b>	<b>12,176</b>	<b>439</b>



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

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

#### **Other Staff – overspend of £1,594k**

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 £404k budget held in respect of the Culture Transformation Programme, within the Preparedness & Response Directorate.

The £329k movement from that reported at Q2 largely reflects FRS staff group pay award, previously held in contingency, and now within departmental budgets and forecasts.

#### **Employee Related – overspend of £60k**

The movement of £380k on that reported at Q2 reflects costs of redundancy and severance, funded by approved use of earmarked reserves.

#### **Supplies & Services – underspend of £10k**

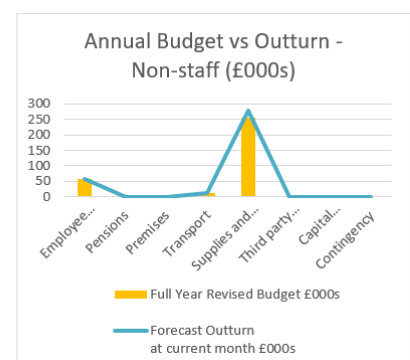
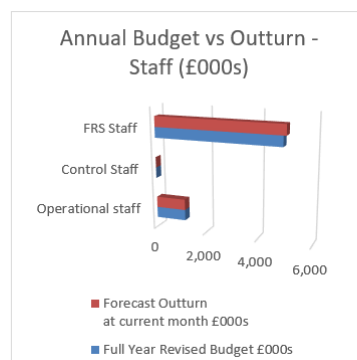
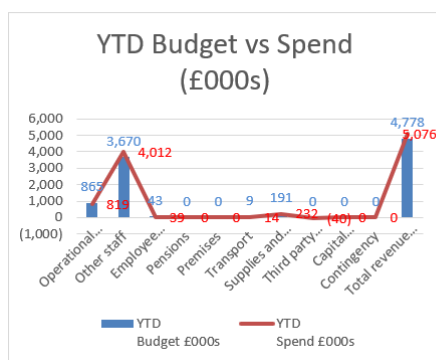
The movement of £200k on that reported at Q2 reflects costs of external complaints services, funded by approved use of earmarked reserves.

## 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	Full Year Revised Budget	Forecast Outturn at Q3	Variance Forecast Outturn vs Revised Budget at Q3	Forecast Outturn at Q2	Change on Forecast Outturn since Q2
Operational Staff	865	819	(46)	1,154	1,153	(1)	1,121	32
Other Staff	3,670	4,012	342	5,013	5,136	123	4,803	333
Employee Related	43	39	(5)	58	58	0	58	0
Pensions	0	0	0	0	0	0	0	0
Premises	0	0	0	0	0	0	0	0
Transport	9	14	5	12	12	0	12	0
Supplies and Services	191	232	41	254	279	25	279	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	0	0	0	0
<b>Net Revenue Expenditure</b>	<b>4,778</b>	<b>5,075</b>	<b>297</b>	<b>6,491</b>	<b>6,638</b>	<b>147</b>	<b>6,273</b>	<b>365</b>
Use of Reserves	0	0	0	(120)	(120)	0	(120)	0
<b>Financing Requirement</b>	<b>4,778</b>	<b>5,075</b>	<b>297</b>	<b>6,371</b>	<b>6,518</b>	<b>147</b>	<b>6,153</b>	<b>365</b>
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
<b>Net Financial Position</b>	<b>4,778</b>	<b>5,075</b>	<b>297</b>	<b>6,371</b>	<b>6,518</b>	<b>147</b>	<b>6,153</b>	<b>365</b>

Table Note: Q2 forecast has been restated to reflect a structural change of team moving into Transformation from Corporate Services, allowing comparison Q on Q.



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

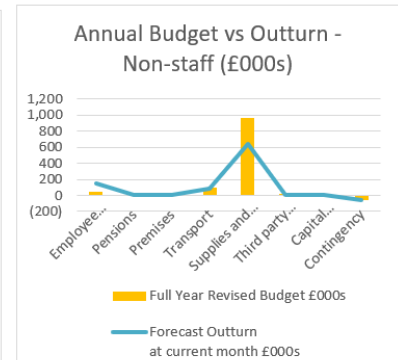
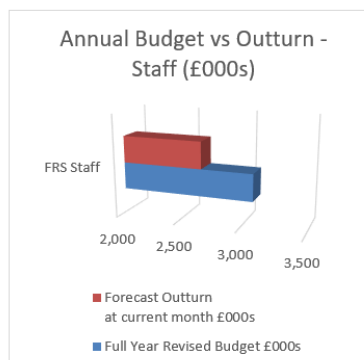
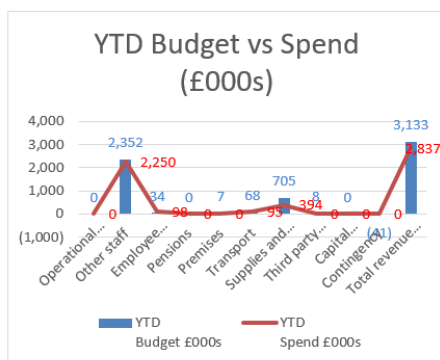
<b>Comments</b> <b>(Full Year Latest Forecast vs Budget)</b>
<p>Budget held by the Transformation Directorate is largely staffing, funded through both core budget and planned use of the CRMP reserve. No material variances have been identified against the 2024/25 budget plan, however this remains under review as part of wider financial management linked to supporting delivery of the Transformation Programme(s).</p> <p>New investment in respect of the Transformation Programme(s) is held across Directorates, aligned to the relevant Senior Responsible Officer.</p> <p>The movement on Other Staff forecast from that reported at Q2 largely reflects FRS staff group pay award, previously held in contingency, and now within departmental budgets and forecasts.</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.

ue	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q3	Variance Forecast Outturn vs Revised Budget at Q3	Forecast Outturn at Q2	Change on Forecast Outturn since Q2
Operational Staff	0	0	0	0	0	0	0	0
Other Staff	2,352	2,250	(102)	3,136	2,719	(418)	2,636	83
Employee Related	34	98	65	45	143	98	143	0
Pensions	0	0	0	0	0	0	0	0
Premises	7	0	(7)	10	10	0	10	0
Transport	68	95	27	97	90	(7)	90	0
Supplies and Services	705	394	(311)	966	537	(429)	577	(40)
Third Party	8	0	(8)	11	11	0	11	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	(41)	0	41	(55)	(55)	0	(55)	0
Income	54	(36)	(90)	78	78	0	78	0
<b>ie Expenditure</b>	<b>3,187</b>	<b>2,802</b>	<b>(385)</b>	<b>4,288</b>	<b>3,532</b>	<b>(756)</b>	<b>3,490</b>	<b>43</b>
Use of Reserves	0	0	0	0	0	0	0	0
<b>Requirement</b>	<b>3,187</b>	<b>2,802</b>	<b>(385)</b>	<b>4,288</b>	<b>3,532</b>	<b>(756)</b>	<b>3,490</b>	<b>43</b>
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
<b>Net Financial Position</b>	<b>3,187</b>	<b>2,802</b>	<b>(385)</b>	<b>4,288</b>	<b>3,532</b>	<b>(756)</b>	<b>3,490</b>	<b>43</b>



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

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

#### **Other Staff – underspend of £418k**

This underspend reflects a number of vacancies across the Directorate due to an ongoing review of strategic plans and structure, and recruitment of a new Director joining in January.

The movement on forecast from that reported at Q2 largely reflects FRS staff group pay award, previously held in contingency, and now within departmental budgets and forecasts.

#### **Supplies & Services – underspend of £429k**

This underspend largely reflects phased mobilisation of new investments and programme budgets across various projects.

## Section B

### LFC Capital Summary Main Table

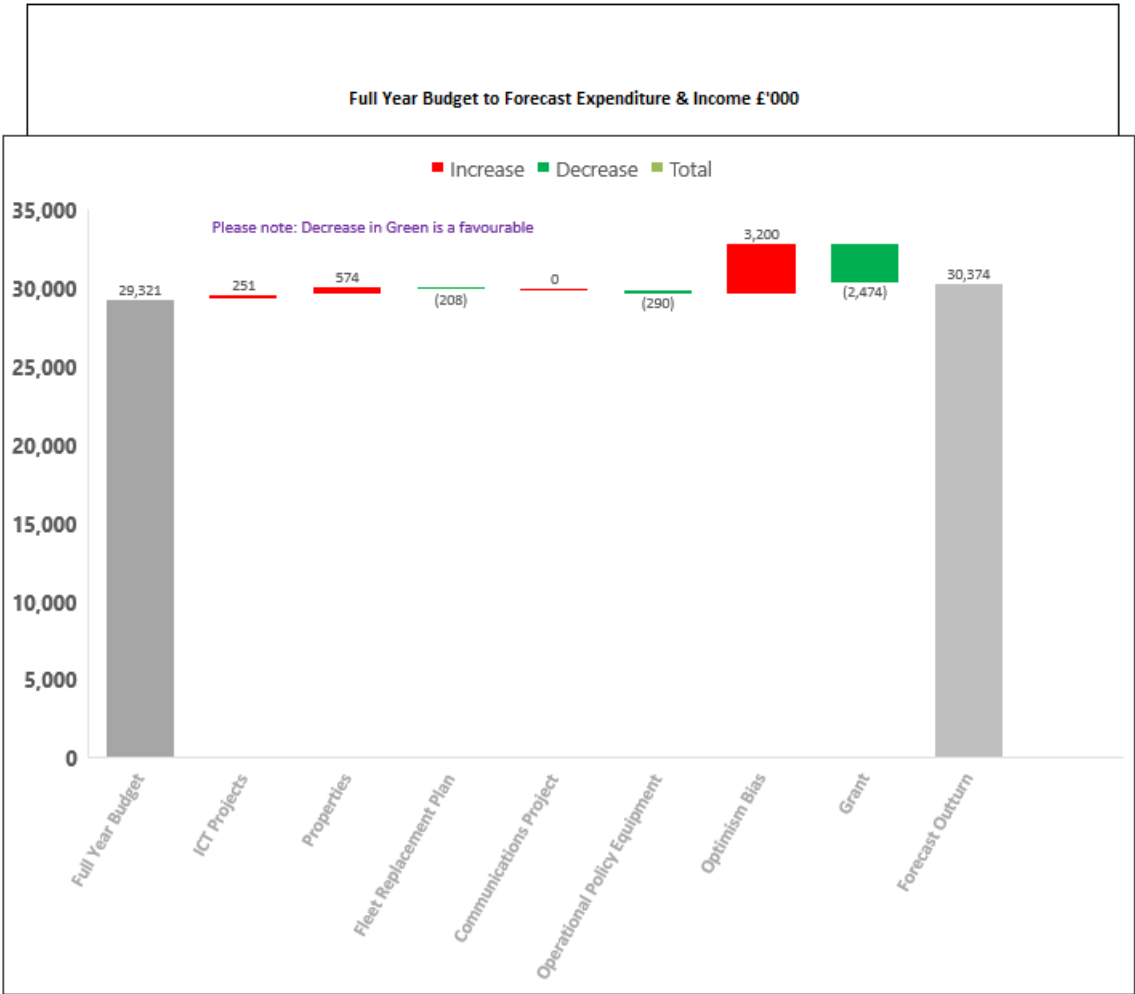
The Capital Budget for the current financial year was set at £29,300k and was approved as part of the Final Budget 2024/25 (LFC-24-027). This budget included a £3,200k optimism bias reduction, reflecting experience from previous years.

At Q3 a forecast capital programme spend of £32,847k, (£30,373k after grant income) reflecting largely revised phasing across a variety of projects.

London Fire Commissioner Capital Summary (£'000s)							
LFC Capital (£'000s)	Full Year Original Budget	Forecast Outturn at Q3	Variance on Latest Forecast vs Revised Budget	Forecast Outturn at Q2	Variance on Latest Forecast vs Previous Forecast	Actual Year to date Spend	Percentage of Budget
ICT Projects	3,827	4,078	251	3,609	469	1,418	37%
Properties	25,493	26,067	574	31,627	(5,560)	16,602	65%
Fleet Replacement Plan	1,975	1,767	(208)	2,291	(524)	1,075	54%
Communications Project	100	100	0	100	0	0	0%
Operational Policy Equipment	1,125	835	(290)	1,217	(382)	(56)	-5%
Optimism Bias	(3,200)	0	3,200	(3,200)	3,200		
<b>Total Capital Expenditure</b>	<b>29,321</b>	<b>32,847</b>	<b>3,527</b>	<b>35,644</b>	<b>(2,797)</b>	<b>19,039</b>	<b>65%</b>
<b>Financed by:</b>							
Reserves	500	500	0	500	0		
Capital Receipts	0	0	0	0	0		
Capital Grants	0	2,474	2,474	2,474	0		
Borrowing	28,821	29,873	1,052	32,670	(2,797)		
<b>Total Financing</b>	<b>29,321</b>	<b>32,847</b>	<b>3,526</b>	<b>35,644</b>	<b>(2,797)</b>		
Grant Income	0	2,474	2,474	2,474	0		
<b>Total Net of Grant</b>	<b>29,321</b>	<b>30,373</b>	<b>1,052</b>	<b>33,170</b>	<b>(2,797)</b>		

While actual spend year to date looks low in comparison to forecast, this largely reflects costs raised against revenue budgets that will be recharged to capital as part of year end closing, along with particular ICT projects due to incur costs during Q4.

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



*\* optimism adjustment removed as forecasts reflect expected position for final quarter of the year*

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

### Comments

#### Full Year Latest Forecast vs Budget

Overall, increased expenditure of £1,052k is reported on the capital programme against the original approved budget (following application of unbudgeted grant of £2,474k).

#### ICT Projects – forecast overspend of £251k

This variance relates to several projects as outlined below.

Control & Mobilisation System (CAMS) - £737k re-phased from 2023/24 due to procurement delays.

Mobile Data Terminals Replacement - £1,267k now expected to be incurred in-year.

VM Server Hosts - £762k now expected to be incurred in-year following approval in 2022/23

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

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

Data Centre Switches and Core Network – reprofiling of (£293k).

Core Network Component Replacement – reprofiling of (£330k).

#### Property Project – forecast additional spend of £574k

This variance relates to several projects as outlined below.

HQ Relocation – (£1,610k) rephased to 2025/26 reflecting updated stage of feasibility work.

Electrical Power at Fire Stations – reprofiling of (£2,400k).

Roof Replacements – reprofiling of (£706k).

Window Replacements – reprofiling of (£983k).

Rewiring at Fire Stations – reprofiling of (£839k).

Minor Improvement Programme – reprofiling of (£577k).

Privacy for All - £2,398k programme acceleration.

Lambeth River Station Redevelopment - £954k programme acceleration.

Plumstead Fire Station Redevelopment - £927k 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 £3,358k in 2024/25 (£1,094k net of grant). This includes the replacement of heating boilers at five fire stations and decarbonising nine fire stations.

#### Fleet Replacement Plan – forecast underspend of £208k

This is largely due to the reprofiling of light vehicles and vans into 2025/26 of (£1,446k), partially offset by the capitalisation of equipment costs associated with Tactical Ventilation now planned to be funded through borrowing, releasing a saving into revenue of around £975k.

#### Operational Policy Equipment – forecast underspend of £290k

This is largely due to Misting Lance equipment covered within the Fleet Replacement Plan, and therefore providing an overall saving on approved budget.

**Programme wide optimism** bias previously held in forecast has been removed at Q3. This reflected review of forecasts with project managers for the remaining three months of the year.

## 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	Q3 RAG
Communications	-55	
Corporate	-1,993	
People	-308	
Preparedness & Response	-771	
Prevention, Protection & Policy	-583	
<b>TOTAL Directorate Savings</b>	<b>-3,710</b>	
Review of Operational Support Units from Efficiency Review 2023/24	-1,500	
Balancing efficiencies target for 2024/25	-3,000	
<b>Overall TOTAL</b>	<b>-8,210</b>	

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 2025-26, no savings delivery is anticipated in the current year.

A further £3,000k of efficiencies, held centrally, and targeted as part of 2024/25 budget setting have now been released into forecast on delivery lines, such as £858k on energy efficiencies. This reflects focused work across departments to further control spend and review strategic priorities in light of budget challenges for 2025/26.

## 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.

Directorate	2024/25 TOTAL Budget Investment £'000	Q3 RAG
Communications	410	
Corporate	2,368	
People	285	
Preparedness & Response	4,688	
Prevention, Protection & Policy	1,136	
Transformation	170	
<b>TOTAL</b>	<b>9,057</b>	
CRMP Programmes	12,719	
<b>Overall TOTAL</b>	<b>21,776</b>	

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, a review of mobilisation plans has released in-year underspend into the Q3 forecast of circa £465k, in addition to that previously reported. This reflects a strategic review of programme priorities and deliverables in response to 2025/26 budget challenges.

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

The balance on Reserves at March 2025 is forecast at £45,504k, a movement of £39,160k against the opening balance at March 2024 of £84,664k.

The revised forecast balance at March 2025 is a reduction of £10,096k 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 £15,060k on that set out within the budget report, with the remaining change being a partial off-set as a result of updated opening balances as a result of adjustments identified as part of the 2023/24 audit process.

Further to changes to opening balances reported at Q2, as a result of audit work in respect of the 2023/24 Statement of Accounts, a further adjustment has been made to opening balances of £2.5m, which can be seen as an increase on the Budget Flexibility Reserve. This audit adjustment is largely as a result of a change of lease categorisation.

### General Reserve

The balance on the General Reserve at March 2025 is forecast at £15,652k, which is below the 3.5 per cent of the Net Revenue Expenditure budget planned to be held under the reserves policy of £17,300k. This includes an assumed transfer from the Budget Flexibility Reserve of £6,317k.

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

<b>General Reserve</b>	<b>Amount £'000</b>
2024/25 Opening Balance on General Reserve	17,300
Forecast Overspend as at Q3	-7,965
Proposed transfer from Budget Flexibility Reserve	6,317
<b>Forecast balance on General Reserve at March 2025</b>	<b>15,652</b>

### Budget Flexibility Reserve (BFR)

The BFR is currently forecast to be fully utilised by March 2025, including a proposed transfer to the General Reserve as above. The change in drawdown from the BFR since that assumed in the original budget report is set out below:

<b>Budget Flexibility Reserve</b>		<b>Amount £'000</b>
2024/25 Opening Balance on BFR	As reported at Q2	14,719
	2023/24 Audit Adjustments	2,551
<b>Restated Opening Balance on BFR</b>		<b>17,270</b>
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
Reported at Q2	MTA Allowance on Overtime	-291
Reported at Q3	People Services – Phase 1	-520
Further Forecast	People Services – Phase 1 [balance]	-330
	Finance & Procurement System	-204
	HR & Payroll System	-465
<b>Uncommitted Balance on BFR</b>		<b>6,317</b>
Proposed transfer to General Reserve		-6,317
<b>Forecast balance on BFR at March 2025</b>		<b>0</b>



### **Earmarked Reserves**

The balance on earmarked reserves at March 2025 is forecast at £29,852k, a net movement of £37,512k against the opening balance of £67,364k. 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.

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

		Forecast included in Q3 Figures		Current Full Year Forecast for 2024/25		Movement on Q2 Forecast		Movement on Budget Plan	
	Balance at 01/04/24	Reserve Movements	Balance at 30/12/24	Full Year Forecasted use of Reserves	Forecasted Balance at 31/03/2025	Full Year Forecast at Q2	Q3 Movement on Q2 Report	Full Year Forecast as per Budget Plan	Q3 Movement on Budget Plan
<b>LFB Reserves £'000</b>									
Building Safety Regulator	1,711		1,711		1,711		0		0
Fire Safety and Youth Engagement	6,577	(2,200)	4,377	(2,200)	4,377	(2,200)	0	(2,200)	0
London Resilience	1,341		1,341	(522)	819	(522)	0		(522)
LFB Museum Project	180	(100)	80	(100)	80	(100)	0	(100)	0
Fire Safety Improvement	24,711	(8,780)	15,931	(8,780)	15,931	(9,700)	920	(9,700)	920
Central Programme Office	328		328	(328)	0	(328)	0		(328)
Emergency Services Mobile Communication Programme	888		888		888		0		0
MTA Reserve	286		286		286		0		0
Vehicle & Equipment Reserve	2,358	(1,000)	1,358	(1,000)	1,358	(1,000)	0	(1,000)	0
Community Risk Management Plan	4,688	(2,820)	1,868	(2,820)	1,868	(2,820)	0	(2,700)	(120)
Grenfell Infrastructure Reserve	215		215		215		0		0
Compensation	749	(749)	0	(749)	0	(749)	0	(700)	(49)
Sustainability	171		171		171		0		0
ICT Development Reserve	2,631	(1,200)	1,431	(2,359)	272	(2,359)	0	(1,200)	(1,159)
Recruitment Reserve	1,342	(700)	642	(700)	642	(700)	0	(700)	0
Leadership Reserve	127	(100)	27	(100)	27	(100)	0	(100)	0
Organisational Reviews	0		0		0		0	(100)	100
HR Reserve	107		107		107		0		0
Communications	110	(100)	10	(100)	10	(100)	0	(100)	0
Pension Earmarked Reserve	1,559	(484)	1,075	(484)	1,075		(484)	(100)	(384)
Finance Reserve	15		15		15		0		0
Budget Flexibility	17,270	(9,954)	7,316	(17,270)	0	(14,719)	(2,551)	(5,600)	(11,670)
<b>TOTAL Earmarked Reserves</b>	<b>67,364</b>	<b>(28,187)</b>	<b>39,177</b>	<b>(37,512)</b>	<b>29,852</b>	<b>(35,397)</b>	<b>(2,115)</b>	<b>(24,300)</b>	<b>(13,212)</b>
General Reserve	17,300		17,300	(1,648)	15,652	(4,581)	2,933	200	(1,848)
<b>TOTAL Reserves</b>	<b>84,664</b>	<b>(28,187)</b>	<b>56,477</b>	<b>(39,160)</b>	<b>45,504</b>	<b>(39,978)</b>	<b>818</b>	<b>(24,100)</b>	<b>(15,060)</b>

## Summary – Revenue Budget Movements Update (1/1)

The table below sets out the key movements in Q3 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 from Q2					
	2024/25 Budget at Q2 £,000	2024/25 Budget at Q3 £,000	Movement £,000	Allocation of FRS Pay Award	Protection Uplift Grant	LRG Transfer to GLA	Additional Use of Reserves	Other / Roundings	Total
Operational Staff	348,400	348,400	0						0
Other Staff	75,100	79,400	4,300	2,700	2,500	-1,300	200		4,300
Employee Related	36,600	37,000	400				300	100	400
Firefighter Pensions - Injury & Ill-Health Scheme	20,800	20,800	0						0
Premises	48,800	48,800	0						0
Transport	19,700	19,700	0						0
Supplies & Services	40,600	41,000	400			-100	500		400
Third Party Payments	1,300	1,300	0						0
Contingency	-3,200	-6,000	-2,800	-2,700				-100	-2,800
Capital Financing Costs	16,000	16,000	0						0
Other Income	-51,700	-51,200	500			500			500
<b>Net Revenue Expenditure TOTAL</b>	<b>552,400</b>	<b>555,200</b>	<b>2,800</b>	<b>0</b>	<b>2,500</b>	<b>-900</b>	<b>1,000</b>	<b>0</b>	<b>2,800</b>
<u>Funding:</u>									
Use of Earmarked Reserves	-28,100	-29,100	-1,000				-1,000		-1,000
Specific Grants	-29,300	-31,800	-2,500		-2,500				-2,500
<b>Budget - Mayoral Funding</b>	<b>495,100</b>	<b>494,200</b>	<b>-900</b>	<b>0</b>	<b>0</b>	<b>-900</b>	<b>0</b>	<b>0</b>	<b>-900</b>

## 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, 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 2024 is £2,221k, with £1,739k (78% of the total outstanding) over 30 days old.

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

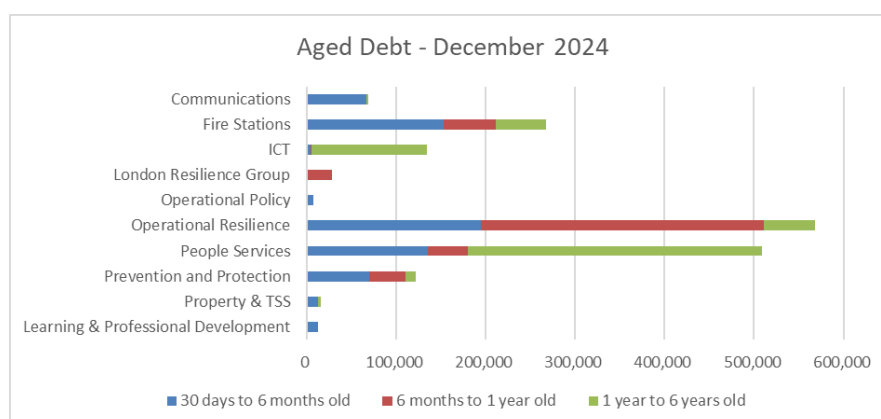
Age	Amount Outstanding (£)	No Of Invoices Outstanding
under 30 days	481,581	105
30 days to 6 months old	660,102	456
6 months to 1 year old	491,654	192
1 year to 6 years old	587,580	252
<b>Grand Total</b>	<b>2,220,917</b>	<b>1,005</b>

Ongoing work to review unallocated receipts is expected to have a further positive impact on aged debt prior to year end, 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	Grand Total
Learning & Professional Development	13,090			13,090
Property & TSS	13,380		2,640	16,020
Prevention and Protection	70,207	40,580	10,871	121,658
People Services	135,511	44,843	328,099	508,453
Operational Resilience	194,851	316,250	56,819	567,920
Operational Policy	7,897			7,897
London Resilience Group		28,971		28,971
ICT	4,829	1,067	128,844	134,740
Fire Stations	153,690	57,760	56,659	268,109
Communications	66,646		2,196	68,842
<b>Grand Total</b>	<b>660,102</b>	<b>489,470</b>	<b>586,127</b>	<b>1,735,699</b>



The tables above show particularly high debts over 1 year 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 in-year financial position.

Likelihood	5					Operational Budget Volatility
	4					
	3		Water Hydrants Command Support System Review of Bad Debt Provision Capital Rephasing Cost of Borrowing	Telecommunications Income TFF recouping Replacement Vehicles & Equipment Fire Station Refurbishment	New Unfunded Pressures Project costs not able to be capitalised due to changes in delivery model(s)	Additional Pensions Grant not received Failure to deliver planned savings and efficiencies Pensions Remedy
	2		Contractor Default	Inflation Energy Costs MFB Act Income		
	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 in 2023/24, and significant cost reductions seen over the past year, there remains a significant underlying pressure.
- Additional Pensions Grant not received – national revaluation of employer pension contribution rates was communicated as fully funded by the Home Office and therefore additional grant of £3m has been assumed in forecasts. Grant levels confirmed have however fallen short of actual costs and this remains under discussion with the Home Office.
- 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. Where necessary these have been rolled into the savings for 2025/26.

## Summary – Climate Budget Reporting

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

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

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

Overall assessment of progress against Climate Budget 24-25	Quarterly RAG rating	Quarterly RAG rating	Quarterly RAG rating
	Q1	Q2	Q3
Progress against funded climate measures (Table A)	Green	Green	Amber
Progress against unfunded climate measures (Table B)	Amber	Red	Red

### Funded climate measures - Amber

LFB funded climate budget projects are considered as behind the expected delivery timescales. The current Salix 3B project which consists of 5 sites was expected to be delivered during October 2024 and this has been significantly delayed because of Distribution Network Operator (DNO) energization delays and planning consent delays. The Salix 3C project is currently in the design phase and is currently on track to be delivered during 2026, however concerns regarding DNO upgrades and timescales are a cause for concern. The 3C project (9 fire stations, decarbonised) is now in design phase and due for delivery during 2026. The Salix 3C sites that require electrical infrastructure during 2024/25 a total of 8 of which 5 are on schedule with DNO orders about to be placed. The remaining 3 are being tendered via procurement and this will delay delivery. 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 budget restrictions. The cooker replacement has gained traction this quarter with new induction hobs receiving positive feedback from crews and station occupiers.

### Unfunded climate measures - Red

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.