



LONDON FIRE BRIGADE

Finance Report

Quarter 2, 2024/25

Financial Position as at 30 September 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 September 2024 (Q2).

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 December 2024. Year end adjustments identified as part of audit work have been incorporated into the Q2 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 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, and work is ongoing to meet the draft budget submission deadline of November 2024.

Section A

LFC 2024/25 Revenue Summary Main Table

The table below sets out the Q2 Finance Position for LFC, broken down by subjective.

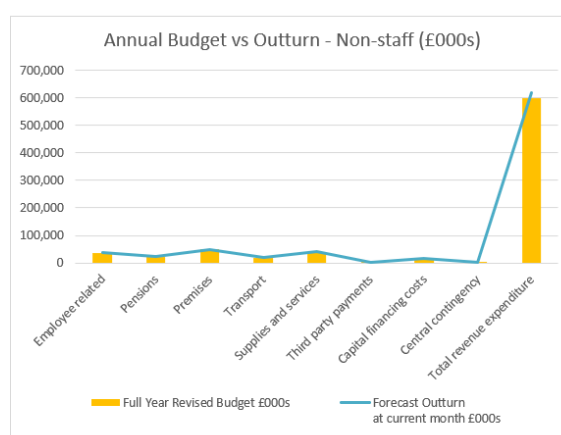
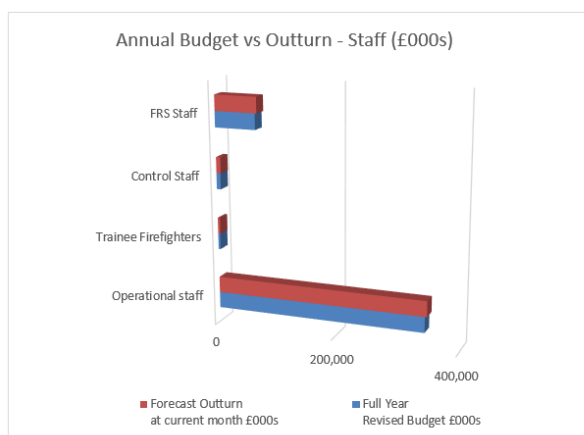
The forecast outturn at 30 September 2024 reports a projected overspend of £8,347k for the 2024/25 financial year.

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

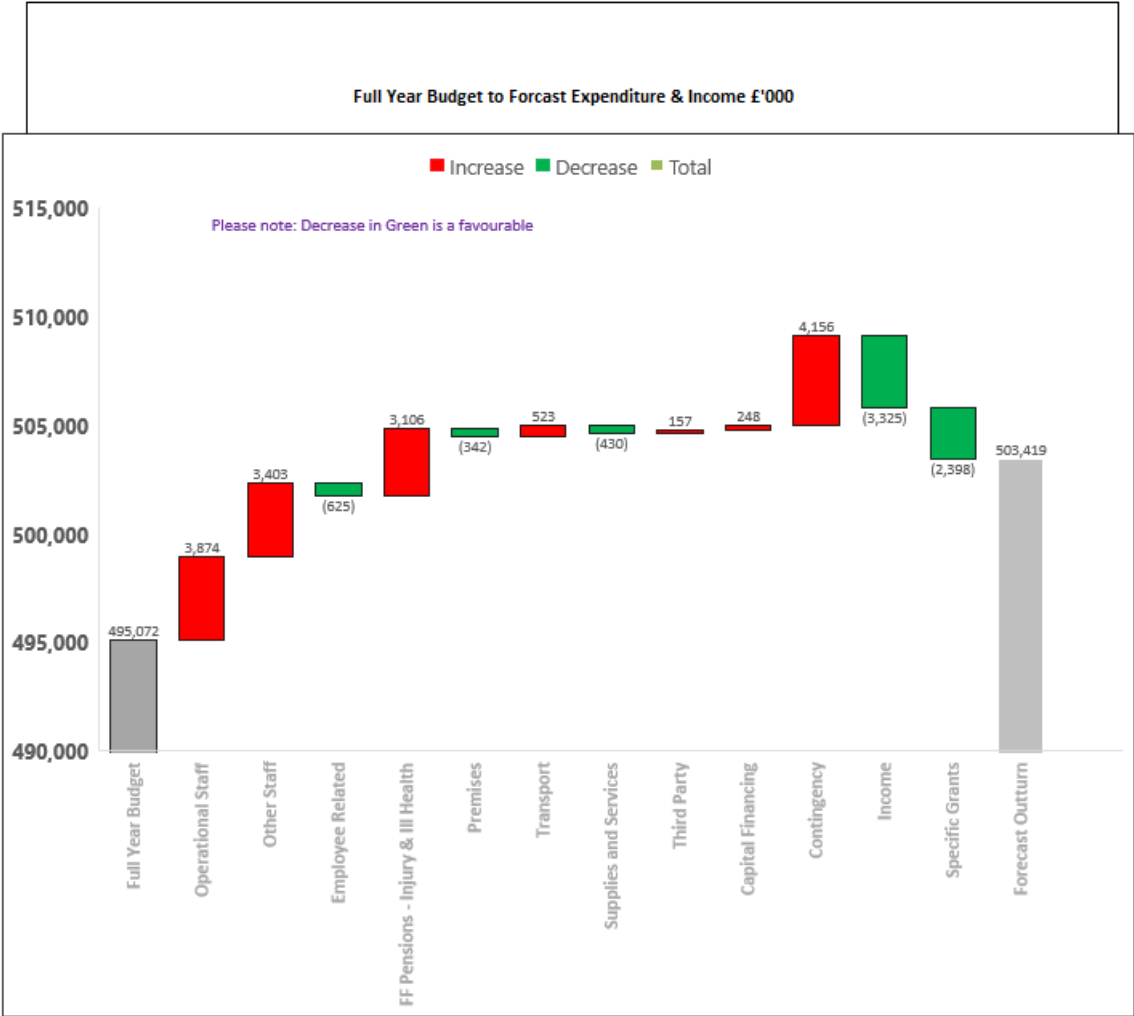
| London Fire Commissioner Revenue Summary (£'000s) | | | | | | | | |
|---|--|----------------|-----------------|-----------------------------|---------------------------|-----------------|---------------------------|---|
| | A | B | C = [B - A] | D | E | F = [E - D] | G | H = [E - G] |
| | Variance Forecast Outturn vs Revised Budget at Q2 | | | | | | | |
| LFC Revenue (£'000s) | YTD Budget | YTD Spend | YTD Variance | Full Year Revised Budget | Forecast Outturn at Q2 | Budget at Q2 | Forecast Outturn at Q1 | Change on Forecast Outturn since Q1 |
| Operational Staff | 170,956 | 174,833 | 3,877 | 348,415 | 352,289 | 3,874 | 343,251 | 9,038 * |
| Other Staff | 37,663 | 38,905 | 1,242 | 75,115 | 78,519 | 3,403 | 76,857 | 1,662 |
| Employee Related | 29,499 | 27,817 | (1,682) | 36,635 | 36,010 | (625) | 36,078 | (68) |
| Firefighter Pensions - Injury & Ill Health | 10,888 | 11,095 | 206 | 20,773 | 23,878 | 3,106 | 23,878 | 0 |
| Premises | 21,059 | 32,659 | 11,600 | 48,757 | 48,415 | (342) | 49,316 | (902) |
| Transport | 16,951 | 19,083 | 2,132 | 19,666 | 20,189 | 523 | 20,211 | (22) |
| Supplies and Services | 25,832 | 32,995 | 7,163 | 40,639 | 40,209 | (430) | 41,793 | (1,585) |
| Third Party | 1,044 | 227 | (817) | 1,333 | 1,490 | 157 | 1,483 | 7 |
| Capital Financing | 909 | 359 | (550) | 16,000 | 16,248 | 248 | 16,000 | 248 |
| Contingency | (5,080) | 0 | 5,080 | (3,187) | 969 | 4,156 | 8,598 | (7,630) * |
| Income | (45,715) | (35,708) | 10,007 | (51,715) | (55,040) | (3,325) | (55,052) | 12 |
| Net Revenue Expenditure | 264,008 | 302,266 | 38,258 | 552,431 | 563,175 | 10,745 | 562,415 | 761 |
| Use of Reserves | 0 | 0 | 0 | (28,103) | (28,103) | 0 | (27,643) | (460) |
| Financing Requirement | 264,008 | 302,266 | 38,258 | 524,328 | 535,072 | 10,745 | 534,772 | 301 |
| Financed by: | | | | | | | | |
| Specific Grants | (13,128) | (20,213) | (7,085) | (29,256) | (31,653) | (2,398) | (31,831) | 178 |
| GLA Funding | (247,536) | (208,458) | 39,078 | (495,072) | (495,072) | 0 | (495,072) | 0 |
| Net Financial Position (Outturn) | 3,344 | 73,594 | 70,250 | 0 | 8,347 | 8,347 | 7,868 | 479 |

* Note

Significant movement due to operational pay award realigned from central contingency, see page 9



LFC Revenue Summary - Budget to Latest Forecast at Q2



LFC Revenue Summary – Key Variances

Comments

Full Year Latest Forecast vs Budget

The full year forecast outturn at 30 September 2024 shows a projected net overspend (after reserves and grants) of £8,347k.

Operational Staff - overspend of £3,874k

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 £5,100k.

Pre-Arranged Overtime (PAO) within Fire Stations is £2,847k for the first 6 months of 2024/25 (excluding national insurance). While this remains down significantly on the £4,689k experienced in 2022/23, it is an increase on the £2,032k for the same period in 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. Other factors include 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 lower the overtime trajectory from Q2 levels. Opportunities to further revise forecasts from a wider focus on managing absence will be kept under review as the year progresses.

This is partially offset by underspend within Prevention and Protection of £1,167k as a result of vacancies.

See individual Directorate Summary for more detail.

Other Staff (including FRS and Control Staff groups) – overspend of £3,403k (£924k net of grant)

This overspend is largely due to posts within Prevention and Protection that are offset by Protection Board income (£2,479k). Taking grant income into account, a net overspend of £924k is forecast.

This underlying overspend is driven by changes in the leadership of the People 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.

Employee Related - underspend of £625k

This underspend largely reflects phased mobilisation of new investments and programme budgets across various projects of £1,400k, partially offset by £800k forecast overspend above budget on personal injury compensation claims within General Counsel.

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.

Comments

Full Year Latest Forecast vs Budget

Premises - underspend of £342k

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 £523k

This overspend relates mainly to Property & TSS, with £407k relating to the vehicle and equipment contract and other vehicle costs such as contract hire and accident repairs. In addition, there is a forecast overspend in Preparedness & Response of £162k which is largely driven by additional travel costs for training.

Supplies and Services - underspend of £430k

The underspend is largely driven by timing of project spend associated with the transformation programme and £800k associated with tactical ventilation now funded through capital borrowing. This is partially offset by a £400k planned budget saving within Corporate Services from a review of the scientific services contract that is now not expected to be delivered in-year. See individual Directorate Summaries for more detail.

Contingency – overspend of £4,156k

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.

A further £1,500k is in respect of efficiency saving targets held centrally but being delivered across a range of budgets, such as energy efficiencies within premises.

The balance reflects a range of smaller savings and areas of expenditure that will be further reviewed for Q3.

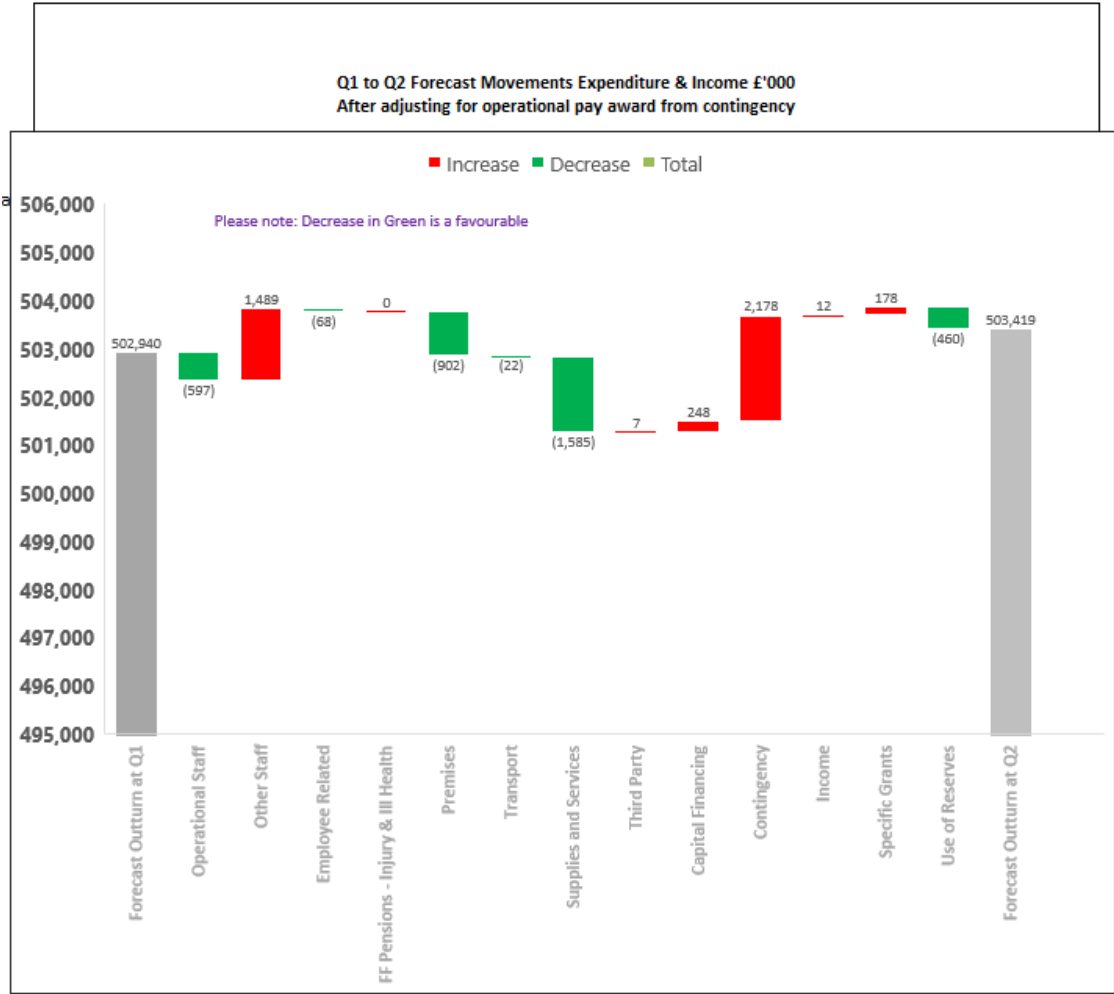
Income – over recovery £3,325k

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.

Specific Grants – over recovery £2,398k

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.

LFC Revenue Summary - Forecast at Q2 to that reported at Q1



LFC Revenue Summary – Key Movements from Q1

Comments Full Year Q2 Forecast vs Q1

The forecast outturn at 30 September 2024 shows an adverse movement of £479k on that reported at Q1.

Operational Staff – increased forecast of £9,038k (£597k reduction net of pay award)

This forecast movement largely represents the operational staff group pay award for 2024/25, previously held within central contingency. See below.

While the operational overtime forecast has increased on that reported at Q1, it has been largely offset by a reduction in base salary forecast for the same staff group, reflecting current and projected vacancy rates etc.

Other Staff (including FRS and Control Staff groups) – increased forecast of £1,662k

This movement reflects updated recruitment assumptions on vacancies within Prevention, Protection & Policy (£1,018k), and a £481k movement in People Services with £300k as a result of a previously assumed saving, now invested back into the service to support transformation objectives.

Employee Related – reduction on forecast of £68k

While no material net movement from Q1 is reported, a reduction in forecast in respect of phased mobilisation of new investments and programme budgets across various projects has been offset by a £927k increase in forecast for personal injury compensation claims within General Counsel.

Premises – reduction on forecast of £902k

This reduction on forecast 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. See contingency below.

Supplies and Services – reduction on forecast of £1,585k

This reduced forecast is largely driven by phased mobilisation of new investments and programme budgets across various projects associated with the transformation portfolio and £800k associated with tactical ventilation now funded through capital borrowing.

Contingency – reduction on forecast of £7,630k (£2,178k increase net of pay award)

The significant reduction to the contingency forecast reflects £9,808k 2024/25 pay award that is now reflected on Operational and Control Staffing above.

This is partially offset by £1,500k efficiency savings budgeted here but delivered across other budget heading, such as the £858k reduction in energy costs, see Premises above.

The balance reflects updates to forecast profile within Learning & Professional Development and General Counsel.

Use of Reserves – increased forecast of £460k

This movement reflects updated assumptions on in-year draws on the Budget Flexibility Reserve and other Earmarked Reserves. See Reserves Update on page 31 for more information.

| |
|---|
| <p style="text-align: center;">Comments Full Year Q2 Forecast vs Q1</p> |
| <p>Specific Grants – reduction in forecast of £178k This reflects an element of previously standalone grant that has been now rolled into the New Dimensions Grant by the Home Office.</p> |

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

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

The £8,347k 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.

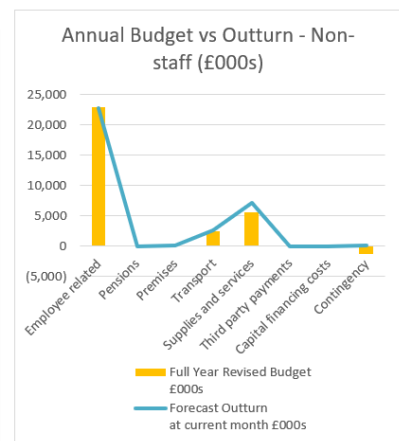
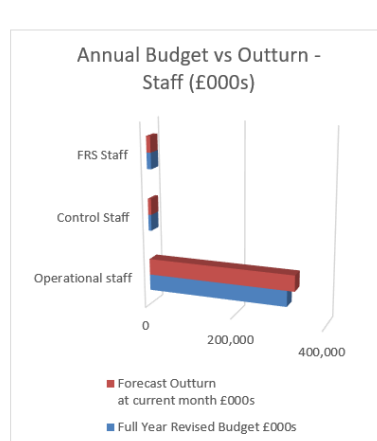
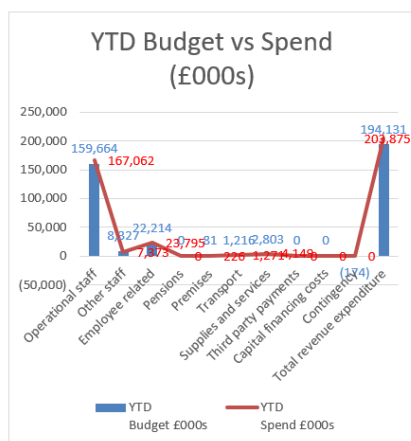
| Revenue Summary of Net Financial Position - by Directorate (£'000s) | | | | | | | | |
|---|----------------|----------------|---------------|--------------------------|------------------------|---|------------------------|-------------------------------------|
| | A | B | C = [B - A] | D | E | F = [E - D] | G | H = [E - G] |
| Directorate | YTD Budget | YTD Spend | YTD Variance | Full Year Revised Budget | Forecast Outturn at Q2 | Variance Forecast Outturn vs Revised Budget at Q2 | Forecast Outturn at Q1 | Change on Forecast Outturn since Q1 |
| Corporate Services | 27,751 | 50,689 | 22,937 | 59,182 | 63,501 | 4,319 | 69,973 | (6,472) |
| Preparedness and Response (P&R) | 192,721 | 203,217 | 10,496 | 375,295 | 382,511 | 7,216 | 374,338 | 8,173 |
| People | 5,321 | 7,067 | 1,747 | 10,658 | 12,176 | 1,518 | 11,691 | 485 |
| Communications | 2,039 | 1,876 | (163) | 4,166 | 3,490 | (677) | 3,888 | (398) |
| Prevention, Protection and Policy | 20,209 | 16,127 | (4,082) | 40,478 | 36,391 | (4,087) | 37,575 | (1,184) |
| Transformation | 2,630 | 3,076 | 446 | 5,292 | 5,350 | 58 | 5,475 | (125) |
| Total | 250,670 | 282,052 | 31,382 | 495,072 | 503,419 | 8,347 | 502,940 | 479 |

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 Q2 | Variance Forecast Outturn vs Revised Budget at Q2 | Forecast Outturn at Q1 | Change on Forecast Outturn since Q1 |
|--------------------------------|----------------|----------------|---------------|--------------------------|------------------------|---|------------------------|-------------------------------------|
| Operational Staff | 159,664 | 167,062 | 7,399 | 331,809 | 336,710 | 4,901 | 326,847 | 9,863 |
| Other Staff | 8,327 | 7,373 | (955) | 16,828 | 17,036 | 208 | 16,880 | 157 |
| Employee Related | 22,214 | 23,795 | 1,581 | 22,896 | 22,791 | (106) | 22,459 | 332 |
| Pensions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Premises | 81 | 226 | 145 | 162 | 58 | (104) | 42 | 16 |
| Transport | 1,216 | 1,271 | 54 | 2,433 | 2,595 | 162 | 2,557 | 38 |
| Supplies and Services | 2,803 | 4,149 | 1,345 | 5,606 | 6,031 | 425 | 6,950 | (919) |
| Third Party | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Financing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contingency | (174) | 0 | 174 | (1,327) | 48 | 1,375 | 537 | (489) |
| Income | (1,322) | (658) | 664 | (2,643) | (2,467) | 176 | (2,440) | (27) |
| Net Revenue Expenditure | 192,810 | 203,217 | 10,407 | 375,764 | 382,802 | 7,038 | 373,831 | 8,971 |
| Use of Reserves | 0 | 0 | 0 | (291) | (291) | 0 | 0 | (291) |
| Financing Requirement | 192,810 | 203,217 | 10,407 | 375,473 | 382,511 | 7,038 | 373,831 | 8,680 |
| Financed by: | | | | | | | | |
| Specific Grants | (89) | 0 | 89 | (178) | 0 | 178 | (178) | 178 |
| Net Financial Position | 192,721 | 203,217 | 10,496 | 375,295 | 382,511 | 7,216 | 373,653 | 8,858 |

Table Note: Q1 forecast has been restated to reflect a structural change of team moving into Preparedness and Response from Prevention, Protection & Policy, allowing comparison Q on Q.



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

Comments Full Year Latest Forecast vs Budget

Operational Staff – overspend of £4,901k

This overspend is largely due to the impact of operational overtime forecast in Fire Stations (£8,916k including national insurance at an average rate of 11.75%). Operational overtime incorporates a range of overtime types including that for public holidays, stand by, pre-arranged, and hanging on.

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 156 at the end of September 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) within Fire Stations is £2,847k for the first 6 months of 2024/25 (excluding national insurance). While this remains down significantly on the £4,689k experienced in 2022/23, it is an increase on the £2,032k 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. Other factors include 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 sickness levels, and other targeted work being taken forward through Establishment Board, which will lower the overtime trajectory from YTD levels. Opportunities to further revise forecasts from a wider focus on managing absence will be kept under review as the year progresses.

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.

The forecast movement from Q1 reported of £9,863k largely reflects the 2024/25 pay award which was previously held in central contingency.

Other Staff – overspend of £208k

This overspend is largely driven by overtime in Control and Mobilising overtime of £591k, partially offset by a reduced forecast on FRS staff within Learning & Professional Development.

Supplies and Services – overspend of £425k

Within Fire Stations £172k 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.

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.

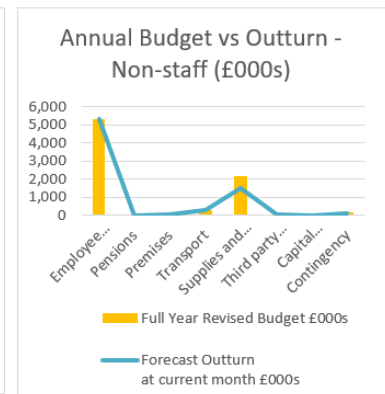
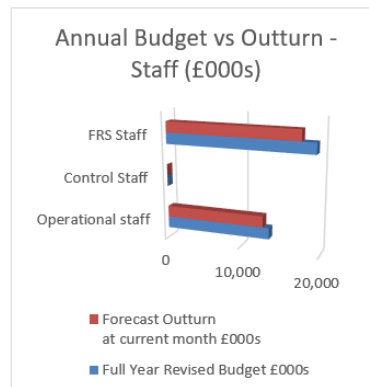
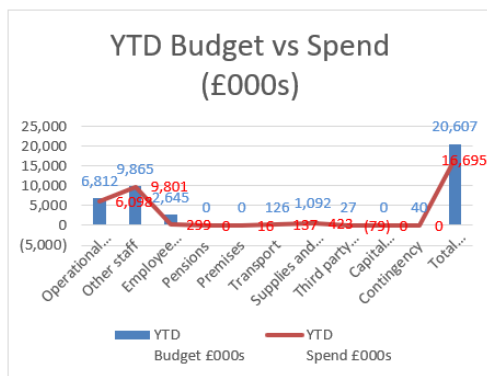
| Comments Full Year Latest Forecast vs Budget |
|--|
| <p>Contingency – overspend of £1,375k The forecast reflects non-delivery of the £1,500k efficiency target originally planned in 2023/24 from Operational Support Unit reform savings. While it is still expected that there is an opportunity to move to a more effective and efficient model in the future, no savings delivery is anticipated in the current year.</p> <p>Income – under recovery of £176k 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.</p> <p>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.</p> |

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 Q2 | Variance Forecast Outturn vs Revised Budget at Q2 | Forecast Outturn at Q1 | Change on Forecast Outturn since Q1 |
|--------------------------------|---------------|---------------|-----------------|--------------------------------|------------------------------|--|------------------------------|--|
| Operational Staff | 6,812 | 6,098 | (713) | 13,996 | 12,828 | (1,167) | 12,512 | 316 |
| Other Staff | 9,865 | 9,801 | (64) | 19,323 | 20,946 | 1,624 | 19,928 | 1,018 |
| Employee Related | 2,645 | 299 | (2,347) | 5,291 | 3,939 | (1,352) | 5,358 | (1,419) |
| Pensions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Premises | 0 | 16 | 16 | 0 | 8 | 8 | 8 | 0 |
| Transport | 126 | 137 | 11 | 251 | 266 | 14 | 267 | (1) |
| Supplies and Services | 1,092 | 423 | (669) | 2,185 | 1,243 | (942) | 1,668 | (425) |
| Third Party | 27 | (79) | (106) | 53 | 53 | 0 | 53 | 0 |
| Capital Financing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contingency | 40 | 0 | (40) | 176 | 150 | (27) | 159 | (10) |
| Income | (378) | (568) | (190) | (756) | (515) | 241 | (537) | 22 |
| Net Revenue Expenditure | 20,229 | 16,127 | (4,102) | 40,519 | 38,917 | (1,601) | 39,416 | (499) |
| Use of Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financing Requirement | 20,229 | 16,127 | (4,102) | 40,519 | 38,917 | (1,601) | 39,416 | (499) |
| Financed by: | | | | | | | | |
| Specific Grants | (20) | 0 | 20 | (40) | (2,526) | (2,485) | (2,526) | 0 |
| Net Financial Position | 20,209 | 16,127 | (4,082) | 40,478 | 36,391 | (4,087) | 36,890 | (499) |

Table Note: Q1 forecast has been restated to reflect a structural change of team moving into Preparedness and Response from Prevention, Protection & Policy, allowing comparison Q on Q.



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

Comments (Full Year Latest Forecast vs Budget)

Operational Staff – underspend of £1,167k

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.

Other Staff – overspend of £1,624k (£855k underspend net of grant)

This overspend is largely due to posts within Prevention and Protection that are offset by Protection Board income (£2,479k), see below, offset by a forecast underspend within Fire Safety, reflecting vacancies within the service.

The increase in forecast from Q1 reflects updated assumptions on recruitment to vacancies in-year.

Employee Related – underspend of £1,352k

This underspend largely reflects phased mobilisation of new investments and programme budgets across various projects. This reflects a reduction on forecast to that reported at Q1 as plans are further developed.

Supplies and Services – underspend of £942k

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

Income – under recovery of £241k

This under recovery reflects a range of smaller budget variances across the Directorate, in particular in relation to secondment income where vacancies are also forecast.

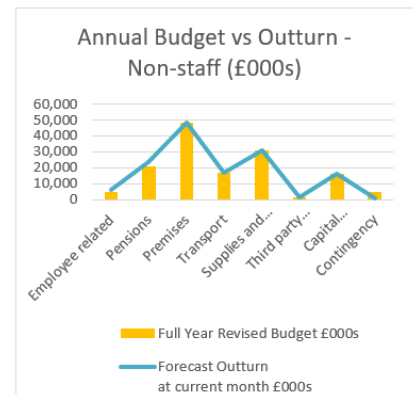
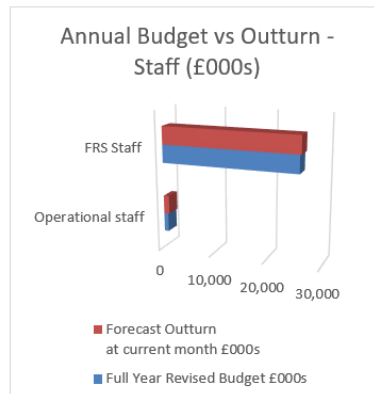
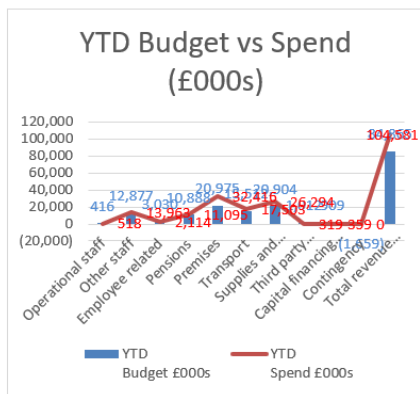
Specific Grants – over recovery of £2,485k

This over recovery of income largely reflects the £2,534k Protection Uplift Grant allocation for 2024/25. This remains under review in conjunction with Deep Dive activity being undertaken by the Home Office due to Protection Uplift reserves held by LFB. Should grant income not be confirmed for the current year, then use of grant balances held in earmarked reserves will increase in offset.

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 Q2 | Variance Forecast Outturn vs Revised Budget at Q2 | Forecast Outturn at Q1 | Change on Forecast Outturn since Q1 |
|--------------------------------|---------------|---------------|---------------|--------------------------|------------------------|---|------------------------|-------------------------------------|
| Operational Staff | 416 | 518 | 103 | 855 | 1,044 | 189 | 832 | 212 |
| Other Staff | 12,877 | 13,963 | 1,086 | 25,772 | 26,062 | 290 | 26,091 | (29) |
| Employee Related | 3,030 | 2,114 | (917) | 5,228 | 5,963 | 734 | 4,943 | 1,020 |
| Pensions | 10,888 | 11,095 | 206 | 20,773 | 23,878 | 3,106 | 23,878 | 0 |
| Premises | 20,975 | 32,416 | 11,440 | 48,585 | 48,338 | (246) | 49,256 | (918) |
| Transport | 15,512 | 17,503 | 1,991 | 16,769 | 17,122 | 353 | 17,164 | (42) |
| Supplies and Services | 20,904 | 26,294 | 5,390 | 30,700 | 31,148 | 448 | 31,021 | 127 |
| Third Party | 1,012 | 319 | (693) | 1,269 | 1,426 | 157 | 1,419 | 7 |
| Capital Financing | 909 | 359 | (550) | 16,000 | 16,248 | 248 | 16,000 | 248 |
| Contingency | (1,659) | 0 | 1,659 | (2,001) | 807 | 2,808 | 7,938 | (7,131) |
| Income | (44,062) | (34,269) | 9,793 | (48,394) | (52,136) | (3,742) | (52,152) | 17 |
| Net Revenue Expenditure | 40,802 | 70,312 | 29,509 | 115,556 | 119,901 | 4,345 | 126,388 | (6,488) |
| Use of Reserves | 0 | 0 | 0 | (27,272) | (27,272) | 0 | (27,223) | (49) |
| Financing Requirement | 40,802 | 70,312 | 29,509 | 88,284 | 92,629 | 4,345 | 99,165 | (6,537) |
| Financed by: | | | | | | | | |
| Specific Grants | (13,019) | (20,213) | (7,194) | (29,037) | (29,128) | (90) | (29,128) | 0 |
| Net Financial Position | 27,784 | 50,098 | 22,315 | 59,247 | 63,501 | 4,254 | 70,038 | (6,537) |



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

Comments (Full Year Latest Forecast vs Budget)

Other Staff – overspend of £290k

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

Employee Related – overspend of £734k

This overspend reflects above budget costs on forecast personal injury settlements for the year, with the increase on that reported at Q1 increasing 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 £3,106k

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 – underspend of £246k

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 and represents a reduction on that reported at Q1.

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 £353k

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.

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 £448k

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.

Comments
(Full Year Latest Forecast vs Budget)

Year to date variance 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.

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 £2,808k

A significant proportion of this overspend (£1,500k) relates to efficiency targets held centrally in the budget and being delivered across other areas of the budget, such as the £858k efficiencies on energy costs. See Premises above.

The balance reflects a range of smaller savings and areas of expenditure that will be further reviewed for Q3.

The £7,131k reduction on that reported at Q1 relates to operational pay award, previously held centrally, and now forecast against individual Directorate budgets.

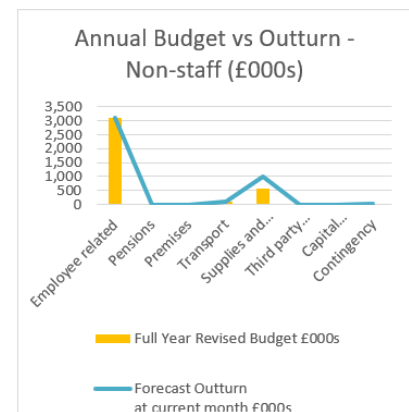
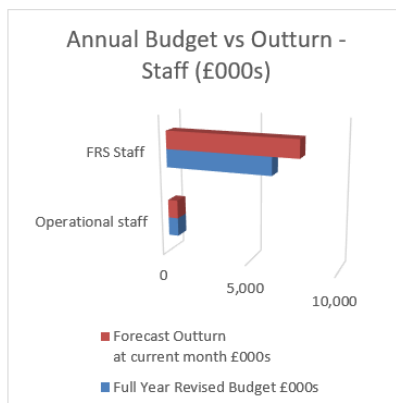
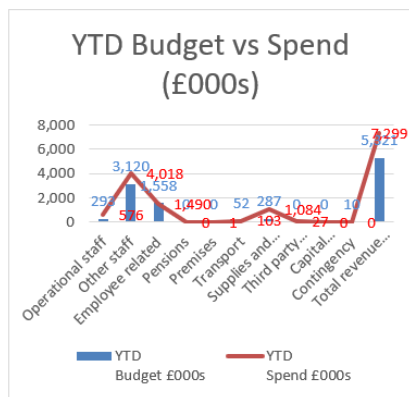
Income – over recovery of £3,742k

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 Q2 | Variance Forecast Outturn vs Revised Budget at Q2 | Forecast Outturn at Q1 | Change on Forecast Outturn since Q1 |
|--------------------------------|--------------|--------------|--------------|--------------------------|------------------------|---|------------------------|-------------------------------------|
| Operational Staff | 293 | 576 | 282 | 604 | 587 | (17) | 587 | 0 |
| Other Staff | 3,120 | 4,018 | 898 | 6,240 | 7,771 | 1,531 | 7,290 | 481 |
| Employee Related | 1,558 | 1,490 | (68) | 3,117 | 3,117 | 0 | 3,117 | 0 |
| Pensions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Premises | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Transport | 52 | 103 | 51 | 104 | 104 | 0 | 104 | 0 |
| Supplies and Services | 287 | 1,084 | 797 | 994 | 998 | 4 | 994 | 4 |
| Third Party | 0 | 27 | 27 | 0 | 0 | 0 | 0 | 0 |
| Capital Financing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contingency | 10 | 0 | (10) | 19 | 19 | 0 | 19 | 0 |
| Income | 0 | (231) | (231) | 0 | 0 | 0 | 0 | 0 |
| Net Revenue Expenditure | 5,321 | 7,067 | 1,747 | 11,078 | 12,596 | 1,518 | 12,111 | 485 |
| Use of Reserves | 0 | 0 | 0 | (420) | (420) | 0 | (420) | 0 |
| Financing Requirement | 5,321 | 7,067 | 1,747 | 10,658 | 12,176 | 1,518 | 11,691 | 485 |
| Financed by: | | | | | | | | |
| Specific Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Financial Position | 5,321 | 7,067 | 1,747 | 10,658 | 12,176 | 1,518 | 11,691 | 485 |



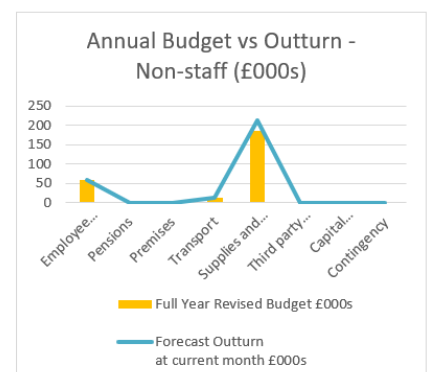
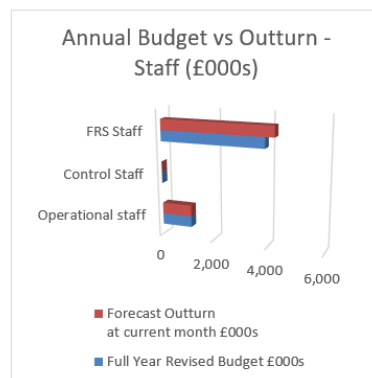
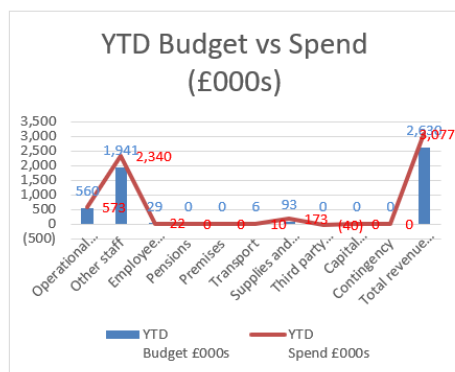
Section A LFC Directorate for People I/E (2/2)

| Comments (Full Year Latest Forecast vs Budget) |
|---|
| <p>Other Staff – overspend of £1,531k</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).</p> <p>This is partially offset by £404k budget held in respect of the Culture Transformation Programme, within the Preparedness & Response Directorate.</p> <p>The £481k movement from that reported at Q1 largely reflects a £300k previously assumed saving, now invested back into the service to support transformation objectives.</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 | Full Year Revised Budget | Forecast Outturn at Q2 | Variance Forecast Outturn vs Revised Budget at Q2 | Forecast Outturn at Q1 | Change on Forecast Outturn since Q1 |
|--------------------------------|--------------|--------------|--------------|--------------------------|------------------------|---|------------------------|-------------------------------------|
| Operational Staff | 560 | 573 | 13 | 1,153 | 1,121 | (32) | 1,121 | 0 |
| Other Staff | 1,941 | 2,340 | 398 | 4,003 | 4,068 | 65 | 4,098 | (30) |
| Employee Related | 29 | 22 | (7) | 58 | 58 | 0 | 58 | 0 |
| Pensions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Premises | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transport | 6 | 10 | 4 | 12 | 12 | 0 | 12 | 0 |
| Supplies and Services | 93 | 173 | 80 | 187 | 212 | 25 | 187 | 25 |
| 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 |
| Net Revenue Expenditure | 2,630 | 3,076 | 446 | 5,412 | 5,470 | 58 | 5,475 | (5) |
| Use of Reserves | 0 | 0 | 0 | (120) | (120) | 0 | 0 | (120) |
| Financing Requirement | 2,630 | 3,076 | 446 | 5,292 | 5,350 | 58 | 5,475 | (125) |
| Financed by: | | | | | | | | |
| Specific Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Financial Position | 2,630 | 3,076 | 446 | 5,292 | 5,350 | 58 | 5,475 | (125) |



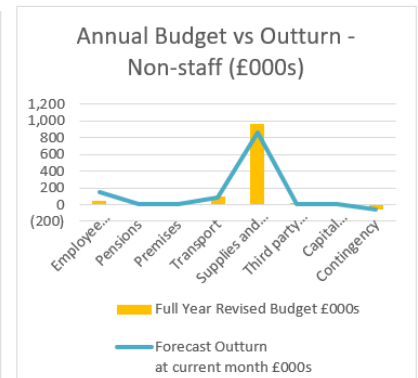
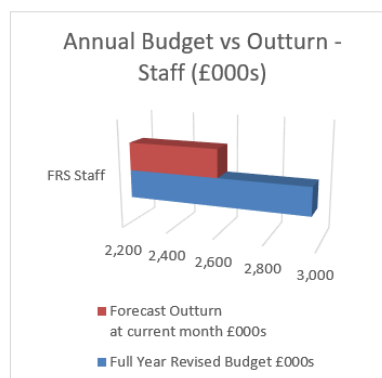
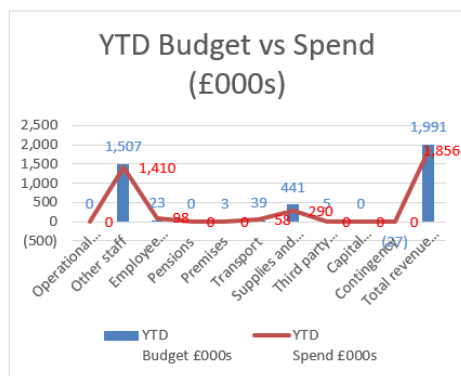
Section A LFC Directorate for Transformation I/E (2/2)

| <div>Comments</div> <div>(Full Year Latest Forecast vs Budget)</div> |
|---|
| <div>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).</div> <div>New investment in respect of the Transformation Programme(s) is held across Directorates, aligned to the relevant Senior Responsible Officer.</div> |

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 | Full Year Revised Budget | Forecast Outturn at Q2 | Variance Forecast Outturn vs Revised Budget at Q2 | Forecast Outturn at Q1 | Change on Forecast Outturn since Q1 |
|--------------------------------|--------------|--------------|--------------|--------------------------|------------------------|---|------------------------|-------------------------------------|
| Operational Staff | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Staff | 1,507 | 1,410 | (97) | 3,015 | 2,636 | (379) | 2,636 | 0 |
| Employee Related | 23 | 98 | 76 | 45 | 143 | 98 | 143 | 0 |
| Pensions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Premises | 3 | 0 | (3) | 10 | 10 | 0 | 10 | 0 |
| Transport | 39 | 58 | 19 | 97 | 90 | (7) | 97 | (7) |
| Supplies and Services | 441 | 290 | (152) | 966 | 577 | (389) | 968 | (391) |
| Third Party | 5 | 0 | (5) | 11 | 11 | 0 | 11 | 0 |
| Capital Financing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contingency | (27) | 0 | 27 | (55) | (55) | 0 | (55) | 0 |
| Income | 48 | 20 | (28) | 78 | 78 | 0 | 78 | 0 |
| Net Revenue Expenditure | 2,039 | 1,876 | (163) | 4,166 | 3,490 | (677) | 3,888 | (398) |
| Use of Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financing Requirement | 2,039 | 1,876 | (163) | 4,166 | 3,490 | (677) | 3,888 | (398) |
| Financed by: | | | | | | | | |
| Specific Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Financial Position | 2,039 | 1,876 | (163) | 4,166 | 3,490 | (677) | 3,888 | (398) |



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

| Comments (Full Year Latest Forecast vs Budget) |
|--|
| <p>Other Staff – underspend of £379k 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 due to take up the position in early November.</p> <p>Supplies & Services – underspend of £389k This underspend largely reflects phased mobilisation of new investments and programme budgets across various projects, and represents an update to assumptions reported at Q1.</p> |

Section B

LFC Capital Summary Main Table

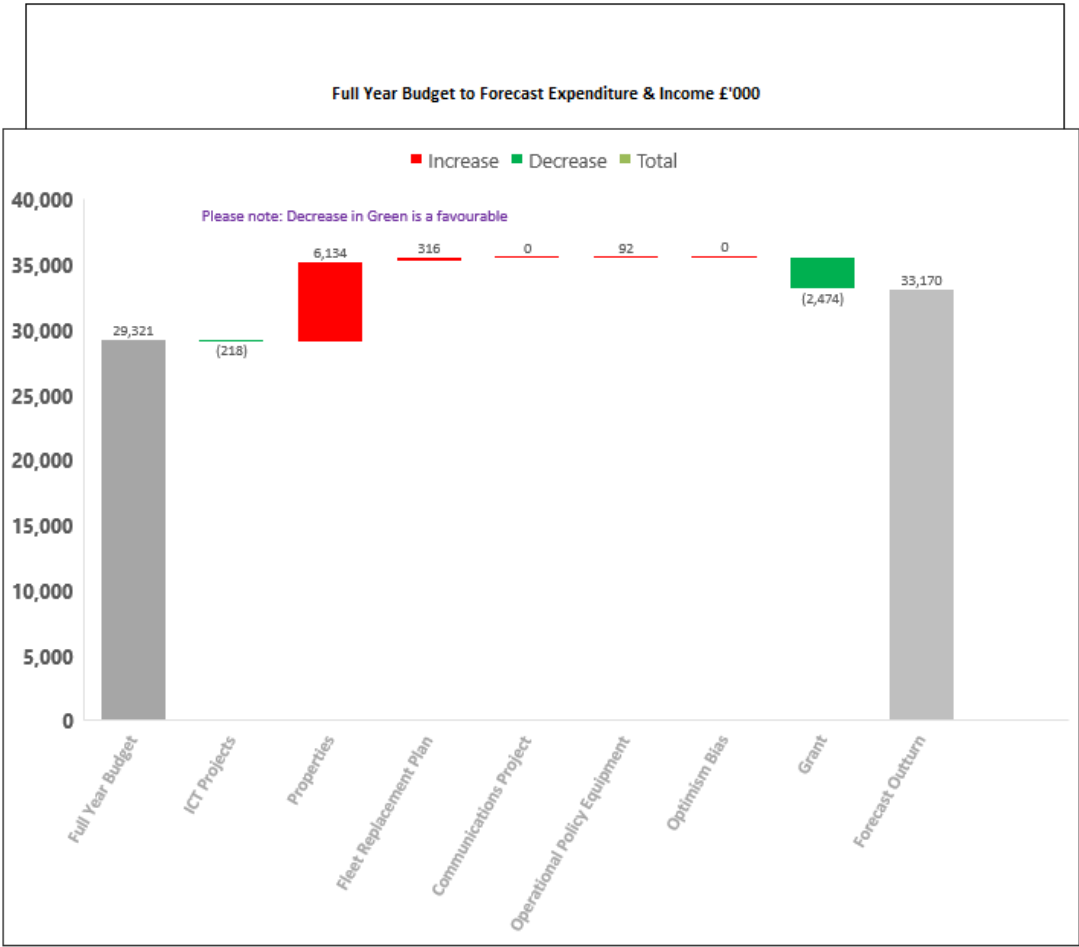
The Capital Budget for the current financial year was set at £29,300k and was approved as part of the Final Budget 2024/25 (LFC-24-027). This budget included a £3,200k optimism bias reduction, reflecting experience from previous years.

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 Q2 a forecast capital programme spend of £35,644k (£33,170k after grant income) is reported but based on year to date spend, this seems optimistic as full-year spend and will continue to be reviewed for Q3.

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 continue to be reflected in future financial reporting.

| London Fire Commissioner Capital Summary (£'000s) | | | | | | | |
|---|---------------------------|-------------------------------|---|------------------------------|--|---------------------------|----------------------|
| LFC Capital (£'000s) | Full Year Original Budget | Latest Forecast Outturn at Q2 | Variance on Latest Forecast vs Revised Budget | Previous Forecast Outturn Q1 | Variance on Latest Forecast vs Previous Forecast | Actual Year to date Spend | Percentage of Budget |
| ICT Projects | 3,827 | 3,609 | (218) | 4,112 | (503) | 655 | 17% |
| Properties | 25,493 | 31,627 | 6,134 | 31,399 | 228 | 10,420 | 41% |
| Fleet Replacement Plan | 1,975 | 2,291 | 316 | 2,700 | (409) | 495 | 25% |
| Communications Project | 100 | 100 | 0 | 90 | 10 | 0 | 0% |
| Operational Policy Equipment | 1,125 | 1,217 | 92 | 1,013 | 204 | (56) | -5% |
| Optimism Bias | (3,200) | (3,200) | 0 | (3,200) | 0 | | |
| Total Capital Expenditure | 29,321 | 35,644 | 6,324 | 36,114 | (470) | 11,513 | 39% |
| Financed by: | | | | | | | |
| Reserves | 500 | 500 | 0 | 500 | 0 | | |
| Capital Receipts | 0 | 0 | 0 | 0 | 0 | | |
| Capital Grants | 0 | 2,474 | 2,474 | 2,093 | 381 | | |
| Borrowing | 28,821 | 32,670 | 3,849 | 33,521 | (851) | | |
| Total Financing | 29,321 | 35,644 | 6,324 | 36,114 | (470) | | |
| Grant Income | 0 | 2,474 | 2,474 | 2,093 | 381 | | |
| Total Net of Grant | 29,321 | 33,170 | 3,850 | 34,021 | (851) | | |

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 £3,850k is reported on the capital programme against the original approved budget (£6,324k before application of additional grant) but see comments above on potential optimism bias.

ICT Projects – reduced expenditure of £218k

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 - £1,586k 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.

Data Centre Switches and Core Network – reprofiling of (£623k).

Property Project – increased expenditure of £6,134k (£3,660k net of grant)

This variance relates to several projects as outlined below.

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

Lambeth River Station Redevelopment - £879k programme acceleration

Plumstead Fire Station Redevelopment - £927k 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 £4,738k in 2024/25 (£2,264k 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 £316k

This is largely due to capitalisation of equipment costs associated with Tactical Ventilation now planned to be funded through borrowing, releasing a saving into revenue of around £850k.

This is in part offset by reprofiling of light vehicles and vans into 2025/26.

Programme wide optimism bias remains held in forecast of £3,200k and this remains under review for Q3.

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 | Q2 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.

Of a further £3,000k of efficiencies targeted as part of 2024/25 budget setting 50% has been released into forecast on delivery lines, such as £858k on energy efficiencies. The remaining 50% continues to be monitored against forecast assumptions for in-year delivery.

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 | Q2 RAG |
|---------------------------------|---|-----------|
| | | |
| 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, a review of mobilisation plans has released in-year underspend into the Q3 forecast of circa £3m. This will be further reviewed for Q3.

Summary – Reserves Position Update (1/2)

The balance on Reserves at March 2025 is forecast at £42,135k, a movement of £39,978k against the opening balance at March 2024 of £82,113k.

The revised forecast balance at March 2025 is a reduction of £13,465k 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 £15,878k 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.

As a result of audit work in respect of the 2023/24 Statement of Accounts, an adjustment has been processed to reduce the bad debt provision by £847k. This has resulted in an increase to reserve balances of a corresponding amount. The 2023/24 audit is however not yet complete, 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 £12,719k, 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 £3,766k. Identification of options to return the General Reserve balance to planned levels are being taken forward through the 2025/26 budget process.

| General Reserve | Amount £'000 |
|--|-----------------|
| 2024/25 Opening Balance on General Reserve | 17,300 |
| Forecast Overspend as at Q2 | -8,347 |
| Proposed transfer from Budget Flexibility Reserve | 3,766 |
| Forecast balance on General Reserve at March 2025 | 12,719 |

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:

| Budget Flexibility Reserve | | Amount £'000 |
|--|---|-----------------|
| 2024/25 Opening Balance on BFR | As reported at Q1 | 13,560 |
| | 2023/24 Audit Adjustments | 1,159 |
| Restated Opening Balance on BFR | | 14,719 |
| 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 |
| Further Forecast | People Services – Phase 1 | -850 |
| | Finance & Procurement System | -204 |
| | HR & Payroll System | -465 |
| Uncommitted Balance on BFR | | 3,766 |
| Proposed transfer to General Reserve | | -3,766 |
| Forecast balance on BFR at March 2025 | | 0 |

Earmarked Reserves

The balance on earmarked reserves at March 2025 is forecast at £29,416k, a net movement of £35,397k against the opening balance of £64,813k. 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 Q2 Figures | | Current Full Year Forecast for 2024/25 | | Movement on Q1 Forecast | | 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 at Q1 | Q2 Movement on Q1 Report | Full Year Forecast as per Budget Plan | Q2 Movement on Budget Plan |
| LFB Reserves £'000 | Balance at 01/04/24 | | | | | | | | |
| 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 | (9,700) | 15,011 | (9,700) | 15,011 | (9,700) | 0 | (9,700) | 0 |
| 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 | (2,700) | (120) | (2,700) | (120) |
| Grenfell Infrastructure Reserve | 215 | | 215 | | 215 | | 0 | | 0 |
| Compensation | 749 | (749) | 0 | (749) | 0 | (700) | (49) | (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 | | 1,559 | | 1,559 | | 0 | (100) | 100 |
| Finance Reserve | 15 | | 15 | | 15 | | 0 | | 0 |
| Budget Flexibility | 14,719 | (9,434) | 5,285 | (14,719) | 0 | (13,560) | (1,159) | (5,600) | (9,119) |
| TOTAL Earmarked Reserves | 64,813 | (28,103) | 36,710 | (35,397) | 29,416 | (34,069) | (1,328) | (24,300) | (11,097) |
| General Reserve | 17,300 | | 17,300 | (4,581) | 12,719 | (5,035) | 454 | 200 | (4,781) |
| TOTAL Reserves | 82,113 | (28,103) | 54,010 | (39,978) | 42,135 | (39,104) | (874) | (24,100) | (15,878) |

Summary – Revenue Budget Movements Update (1/1)

The table below sets out the key movements in Q2 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 Q1 | | | | |
|---|----------------------------------|----------------------------------|-------------------|---|--|---|----------------------|------------|
| | 2024/25 Budget at Q1 £,000 | 2024/25 Budget at Q2 £,000 | Movement £,000 | Allocation of Operational Pay Award | Additional Use of Earmarked Reserves | Learning & Professional Development | Other / Roundings | Total |
| Operational Staff | 338,500 | 348,400 | 9,900 | 9,600 | 300 | | 0 | 9,900 |
| Other Staff | 74,700 | 75,100 | 400 | 200 | 100 | | 100 | 400 |
| Employee Related | 36,000 | 36,600 | 600 | | 200 | 500 | -100 | 600 |
| Firefighter Pensions - Injury & Ill-Health Scheme | 20,800 | 20,800 | 0 | | | | 0 | 0 |
| Premises | 48,800 | 48,800 | 0 | | | | 0 | 0 |
| Transport | 19,700 | 19,700 | 0 | | | | 0 | 0 |
| Supplies & Services | 40,700 | 40,700 | 0 | | | | 0 | 0 |
| Third Party Payments | 1,300 | 1,300 | 0 | | | | 0 | 0 |
| Contingency | 7,100 | -3,200 | -10,300 | -9,800 | -100 | -500 | 100 | -10,300 |
| Capital Financing Costs | 16,000 | 16,000 | 0 | | | | 0 | 0 |
| Other Income | -51,500 | -51,600 | -100 | | | | -100 | -100 |
| Net Revenue Expenditure TOTAL | 552,100 | 552,600 | 500 | 0 | 500 | 0 | 0 | 500 |
| Funding: | | | | | | | | |
| Use of Earmarked Reserves | -27,600 | -28,100 | -500 | | -500 | | 0 | -500 |
| Specific Grants | -29,400 | -29,400 | 0 | | | | 0 | 0 |
| Budget - Mayoral Funding | 495,100 | 495,100 | 0 | 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, with a review of old debts to be undertaken as resources allow.

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

The total outstanding debt as at 30 September 2024 is £1,766k, with £1,559k (88% of the total outstanding) over 30 days old.

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

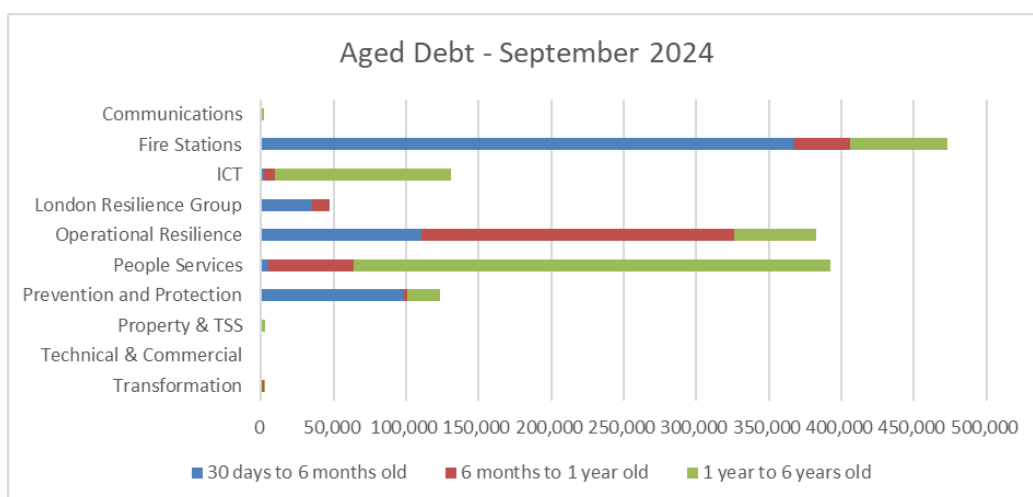
| Age | Amount Outstanding (£) | No Of Invoices Outstanding |
|-------------------------|---------------------------------------|---|
| under 30 days | 207,149 | 112 |
| 30 days to 6 months old | 618,707 | 331 |
| 6 months to 1 year old | 337,660 | 131 |
| 1 year to 6 years old | 602,270 | 269 |
| Grand Total | 1,765,786 | 843 |

Ongoing work to review unallocated receipts is expected to have a further positive impact on aged debt by Q3, 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 |
|---------------------------|-------------------------|------------------------|-----------------------|------------------|
| Transformation | | 2,184 | 114 | 2,298 |
| Technical & Commercial | | | 551 | 551 |
| Property & TSS | 326 | | 2,640 | 2,966 |
| Prevention and Protection | 98,407 | 2,430 | 22,623 | 123,459 |
| People Services | 5,339 | 58,820 | 328,022 | 392,181 |
| Operational Resilience | 110,900 | 215,250 | 56,819 | 382,969 |
| London Resilience Group | 35,195 | 12,152 | | 47,347 |
| ICT | 1,833 | 7,514 | 121,827 | 131,174 |
| Fire Stations | 366,706 | 39,312 | 67,085 | 473,103 |
| Communications | | | 2,196 | 2,196 |
| Grand Total | 618,707 | 337,660 | 601,877 | 1,558,243 |



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 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) | Failure to deliver planned savings and efficiencies Pensions Remedy |
| | 2 | | Contractor Default | Inflation Energy Costs MFB Act Income | | 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 in 2023/24, and significant cost reductions seen over the past year, there remains a significant underlying pressure.
- 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 Q2 is provided below:

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

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 during 2024/25 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 - 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.