



LONDON FIRE BRIGADE

Report title

Draft Outturn Report for 2019/20

Report to

Corporate Services DB
Commissioner's Board

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Report by

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Summary

This report presents the London Fire Commissioner's (LFC) draft financial outturn for the 2019/20 financial year, sets out the position on the financial reserves and also provides an update to the approved capital programme.

Recommended decision

That the Commissioner:

1. Notes the revenue and capital financial outturn position as set out in the report.
2. Agrees the transfer of £5,500k into a new Transformation reserve to fund the LFC's transformation delivery plan and £667k to the Compensation reserve to allow the reserve to be maintained at a level of £1m to meet any additional spend on compensation costs in future year.
3. Agrees the carry forward of the net capital budget slippage of £491k to 2020/21, as detailed from paragraph 33 below.
4. Agrees the proposed movements in reserves as set out at Table 3.

Background

1. This report presents the draft financial outturn position for 2019/20. The draft Statement of Accounts will be approved by the Chief Finance Officer (Director of Corporate Services) to meet the target deadline of 31 May 2020, and will then be subject to external audit, with final accounts currently planned to be approved by the London Fire Commissioner (LFC) and published by 31 July. These are target dates and maintain the normal statutory deadlines which have been extended for 2019/20 due to the consequences of the COVID-19 pandemic, with draft accounts now required to be approved by 31 August 2020 and with final publication by 30 November 2020. Whilst there has been some significant challenges in managing the accounts and outturn processes due to the COVID-19 pandemic, it is the intention to work to the original timetable, but the position will be kept under review.

Tables and Appendices to this report

2. A number of appendices provide additional detail on the financial position, as follows:
 - Appendix 1 provides a summary of the draft outturn financial position for the revenue budget;
 - Appendix 2 contains additional detail on the draft outturn financial position;
 - Appendix 3 reports on the draft outturn on the capital programme;
 - Appendix 4 considers the risks to the capital position that have not been quantified and therefore carried forward to 2020/21;
 - Appendix 5 provides an analysis of outstanding debt relating to charges for Shut in Lift attendances;
 - Appendix 6 meets the requirement to disclose all budget virements within the quarter under the LFC Scheme of Governance; and
 - Appendix 7 provides an update on expenditure approved in the Additional Resilience Requirements report (FEP2763).

Revenue

3. The draft outturn position for 2019/20 on the revenue budget is an underspend of £6,260k (1.5%). However as noted above, this is subject to external audit, with final accounts targeted to be approved for the London Fire Commissioner (LFC) and published by 31 July 2020, but with the statutory deadline for publication now 30 November 2020.
4. The revenue outturn includes additional underspends of £3,118k since last reported to LFC as at the end of Quarter 3 (LFC-0296). The main reason for this increase in the underspend is due to changing the policy on accruals following a review of the 2018/19 accounts, and agreed with the external auditors. The materiality limits for liabilities were changed from £5k per supplier to £5k per transaction, and this change has resulted in a reduction in the value of liabilities raised for 2019/20. The 2020/21 Budget report in March 2020 (LFC- 0324y-D) stated that the potential impact of that decision would be to increase the forecast underspend by approximately £3,000k to £6,142k. This change in accounting policy has adjusted the expenditure recognised in the 2019/20 financial year, but does not change expenditure overall.
5. The additional underspends from the Quarter 3 position, including the impact on each area from the change in the liability limit, are mainly due to:
 - £1,226k underspend on FRS staff budgets mainly due to ongoing vacancies and in particular challenges in recruiting to Fire Safety Inspecting Officer posts.
 - £509k due to reduction in overall spend on Mechanical, Electrical and Plumbing planned works compared to the forecast reported by the LFB's Property Services Integrator (KBR) for building maintenance, as well as accruals not raised due to the change in the materiality limit to £5k per transaction.
 - £344k on Energy costs mainly due to the change in the materiality limit for liabilities.
 - £396k decrease in spend on Other Property services due to the Transformation of Property project progressing slower than initially planned, with the new Head of Property only commencing in late November 2019.
 - £643k on Professional services mainly on Grenfell Investigation legal costs, offset by revised income from the insurers.
 - £905k on Hardware and Software due to a significant number of orders where equipment and services could not be delivered as a direct consequence of the COVID-19 lock down.
 - £404k reduction in the expected spend on clothing and laundry, including for new recruits, due to the change in the materiality limit for liabilities.

- £317k on payments to Other Local Authorities, mainly due to a reduction in payments by the Central Programme Office, for seconded staff, and also including £74k for the GLA collaborative procurement project which is now being fully funded by the GLA and has been offered as a saving in 2020/21.
- £311k reduction in expected spend on operational equipment, due to the change in the materiality limit for liabilities.
- £239k additional interest income due to cash balances being held at a higher level for longer than previously expected.
- £260k reduction in expected spend on running costs, due to the change in the materiality limit for liabilities.

6. The above underspends are offset by an increase in spend on the following:

- £972k for Operational staff mainly due to progressing towards full establishment, as well as ongoing overtime. The average vacancies has reduced to 56 compared to the previously reported position of 61 at the end of December (Q3).
- £458k on professional development budgets due to additional incident command training as a result of changes brought in to allow officers to receive training before they are required to act up to the next rank (Forward Development).
- £722k reduction in specific grant income from the Home Office - income of £1,500k was expected but the Home Office now only match fund actual spend by the National Fire Chiefs Council (NFCC) Central Programme Office hosted by LFB.
- £352k on contract hire and operating leases due to the change in the materiality limit for liabilities.

7. The key variances are explained in more detail from paragraph 11 below.

2020/21 Budget process

8. As part of the 2020/21 budget process, a review of previous years underspends was carried out to identify underspending areas in 2019/20 that could be taken as a saving in 2020/21. This contributed to savings of £3,543k, with other changes reported through adjustments to the Medium Term Forecast. Areas of significant underspending that were addressed through this process are summarised in Table 1 below.

Table 1. Budget Reductions incorporated into the 2020/21 Budget

	Revised Budget	Outturn	Outturn Variance		2020/21 Savings	Medium Term Savings
	£	£	£	%	£	£
Operational Staff	267,936,608	267,441,142	(495,466)	(0.2%)	(86,000)	
Trainee Firefighters	2,194,401	2,494,599	300,198	13.7%		(61,000)
FRS Staff	54,394,623	52,142,522	(2,252,101)	(4.1%)		
Other Pension Payments	880,000	1,103,531	223,531	25.4%		(30,000)
Professional Development	17,746,408	18,773,057	1,026,649	5.8%	(157,000)	
Recruitment	136,967	71,117	(65,850)	(48.1%)	(10,000)	
Medical and Welfare Expenses	1,985,081	1,852,263	(132,818)	(6.7%)	(25,000)	
Rents	8,282,856	8,283,216	360	0.0%	(237,000)	
Property Rates	8,795,117	8,594,754	(200,362)	(2.3%)	(1,378,000)	
Running Costs	2,486,164	2,497,353	11,190	0.5%	(350,000)	

	Revised Budget	Outturn	Outturn Variance		2020/21 Savings	Medium Term Savings
	£	£	£	%	£	£
Vehicle and Equipment Contract	11,261,224	11,011,300	(249,924)	(2.2%)	(150,000)	
Vehicle Passthroughs	784,469	502,110	(282,360)	(36.0%)	(27,000)	
Contract Hire & Operating Leases	1,153,263	1,560,758	407,495	35.3%	(7,000)	
Travel	1,221,981	1,026,439	(195,543)	(16.0%)	(10,000)	
Operational Equipment	1,625,059	1,516,991	(108,068)	(6.7%)	(53,000)	
Equipment Furniture and Materials	323,815	359,021	35,206	10.9%	(9,000)	
Catering	337,436	249,510	(87,926)	(26.1%)	(1,000)	
Clothing & Laundry	3,484,897	3,457,890	(27,007)	(0.8%)	(25,000)	
General Office Expenses	716,444	576,893	(139,551)	(19.5%)	(2,000)	
Professional Services	10,036,534	10,180,117	143,584	1.4%	(121,000)	
Communications	4,045,118	4,570,436	525,318	13.0%	(2,000)	
Hardware and Software	6,911,324	6,338,124	(573,200)	(8.3%)	(229,000)	
Grants and Subscriptions	205,771	218,655	12,884	6.3%	(1,000)	
Other Local Authorities	1,633,594	1,424,390	(209,204)	(12.8%)	(86,000)	
Debt Repayment	6,357,000	5,898,453	(458,547)	(7.2%)		(540,000)
External Interest	3,418,000	3,059,656	(358,344)	(10.5%)		(1,185,000)
Contingency	292,871	(0)	(292,871)	(100.0%)	(37,000)	
MFB Act Income	(29,137,291)	(29,593,415)	(456,124)	1.6%	(420,000)	
Customer and Client Receipts	(11,117,627)	(12,968,845)	(1,851,218)	16.7%	(30,000)	
Specific grants	(35,387,072)	(34,786,846)	600,226	(1.7%)		(3,111,000)
Budget Reductions incorporated in the 2020/21 Budget					(3,453,000)	(4,927,000)

Capital

9. The capital outturn for 2019/20 is £31,061k. This is a reduction of £357k from the position reported as at the end of Quarter 3 of £31,418k (LFC-0296). This is due to budgets brought forward from 2020/21 of £1,738k and disposal costs of £164k, offset by budget re-phasing to 2020/21 of £2,229k and budget savings of £30k.

10. The key variances are explained in more detail from paragraph 33 and in Appendix 3.

Reasons for the Revenue Position

Staff

11. The budget for operational staff underspent by £495k, 0.2% of the revised budget. The underspend decreased by £972k from the forecast position in Quarter 3 due to reducing vacancy levels (£418k) and increased overtime (£554k). The average vacancies has fallen to 56 compared to the previously reported position of 61 at the end of December (Q3). As previously reported the underspend includes the impact of an agreed backdated London Weighting claim (£2,822k) of 4.6% from July 2017 and 3.4% from July 2018 and an additional one off payment to consolidate London Weighting into basic pay. A 2% pay award was also agreed from July for Operational and Control staff in line with budget estimates.

12. FRS staff budgets underspent by £2,316k (4.3% of the FRS budget) mainly due to vacancies and in particular challenges in recruiting to Fire Safety Inspecting Officer posts. This underspend has increased by £1,226k due to vacancy levels remaining above forecast. As previously reported, the FRS staff budget includes an additional £1m vacancy margin to reflect the level of vacancies at the start of the year. This is in addition to the normal annual vacancy margin of £0.9m, for a total margin in 2019/20 of £1.9m.

Employee Related

13. Employee related budgets overspent by £1,133k. This increased by £487k from the forecast position at Quarter 3 mainly on professional development budgets due to additional incident command training as a result of changes implemented to allow officers to receive training before they are required to act up to the next rank (Forward Development).
14. The overspend on compensation budgets, relating to personal injury claims, was funded from the compensation reserve, in place to smooth the impact of compensation claims in any one year. £667k was drawn from the reserve to meet the compensation spend in relation to personal injury matters leaving a balance of £333k in the reserve. It is proposed to transfer £667k from the general reserve to allow the earmarked reserve to be maintained at a level of £1m to be applied to any overspend on compensation costs in future years.
15. There is an underspend of £134k on medical and welfare expenses mainly due to reductions in spend on medical appeals and childcare.
16. As previously reported at Quarter 3, there is an additional overspend on Employee related budgets of £568k mainly due to the cost of additional firefighter development (FFD) training. This training took place in order to reduce firefighter vacancies. The initiative to increase FFD training commenced in 2018/19, but some of the training was completed in 2019/20. Specifically, these costs relate to additional FFD training at the Fire Service College, as well as larger class sizes for the London-based training (the class size was temporarily increased from 12 to 14 delegates).

Firefighter Injury Pensions

17. Firefighter pensions budgets include expenditure on injury pensions, ill health top ups and sanction charges. There is a slight overspend of £101k (0.5%). As previously reported, this is made up of an underspend on injury pensions (£138k) following medical reviews as well as overall injury pensioner numbers, offset by overspends on the budget for ill health top ups (£219k), with increased ill health retirements, and sanction charges (£19k).

Premises

18. Premises budgets overspent by £244k, with the most significant area of overspend being building maintenance, a decrease in expenditure of £1,488k from the forecast overspend at Quarter 3. There was a £509k reduction in overall spend on planned works compared to the forecast reported by the LFB's Property Services Integrator (KBR) for building maintenance, as well as accruals not raised due to the change in the materiality limit to £5k per transaction which also largely accounted for the reduction on Energy costs, of £344k and Cleaning and domestic supplies £126k. There was also a decrease in spend on other property services (£396k) due to the consultants budget set aside for the Property Transformation project not being utilised as the project has progressed slower than the initial plan, with the new Head of Property only commencing in late November 2019.

Transport

19. Transport budgets underspent by £303k, a reduction in underspend of £183k since last reported. This is due to a reduction in forecast overspend in running costs (£260k) and on vehicle passthroughs (£114k) due to the change in the materiality limit for liabilities, offset by a reduction in the forecast underspend on vehicle and equipment contract due to abatements (£180k) and on contract hire and operating leases (£352k) again due to the change in the materiality limit for liabilities.
20. The remainder of the underspend includes previously forecast underspends on vehicle passthroughs (now £282k) and the vehicle and equipment contract (now £250k) due to abatements, as well as on reimbursements to staff for travel within the Ultra Lower Emission Zone (ULEZ) (£196k) with staff switching to other forms of travel to work or taking up loans provided for staff to purchase ULEZ compliant vehicles.

Supplies and Services

21. Supplies and services budgets underspent by £255k and expenditure has decreased by £2,400k from the forecast position reported at Quarter 3. The reduction in expenditure includes £905k on Hardware and Software due to a significant number of orders where equipment and services could not be delivered as a direct consequence of the COVID-19 lock down, £643k on Professional services mainly on Grenfell Investigation legal costs offset by a revised income from the insurers, £404k on clothing and laundry and £311k on operational equipment due to the change in the materiality limit for liabilities.

Capital Financing

22. There is an underspend of £817k on capital financing costs, an increase of £6k since last reported. There were underspends on External Interest (£358k) following the maturing of debt with no new borrowing required, and Debt Repayment (£459k) due to lower debt levels, following a reduction in planned capital expenditure.

Income

23. Income budgets are forecast to over recover by £4,144k as previously reported. The key areas include the settlement of outstanding claims with Insurers on the reimbursement of disclosure costs relating to Grenfell in the current and also previous years (£1,803k); with Babcock on ICT service charges of £129k relating to prior years that had been in dispute; and with Mitie Energy of £237k due to successful negotiations for services not provided against contracts awarded for a project since 2009. There is also an additional £680k on Interest Receivable due to a higher capital receipts balance, with cash balances being held at a higher level for longer than previously anticipated, and Metropolitan Fire Brigade (MFB) Act Income from insurance companies (£456k) following higher than expected returns from existing insurance companies. There is also an additional £265k income as a result of Operational Resilience staff seconded to the Cabinet Office, Royal Borough of Kensington and Chelsea and Babcock. This is alongside additional training income for running smoke filled environment and National Inter-agency Liaison Officer (NILO) courses and over recovery expected on Shut in Lift Income (£201k).

24. Appendix 5 includes an update on the position on outstanding Shut in Lift debt.

Reserves

25. Table 2 below sets out the position on the financial reserves, resulting from the financial position reported above. The balance on the general reserve, following the outturn position, is £21,393k, and this is £6,325k above the minimum general reserve position of 3.5% of the net revenue expenditure.

26. It is proposed to transfer £5,500k into a new Transformation reserve to fund the LFC's transformation programme, as set out in the 2020/21 budget report (LFC- 0324y-D), and £667k to the Compensation reserve to allow this earmarked reserve to be maintained at a level of £1m to meet any additional spend on compensation costs in future years.

27. This will bring the general reserve balance to £158k above the minimum general reserve position.

Table 2. Position on Reserves

£000s	Opening Balance at 01/04/19	Approved Movements in Q4 18/19	Approved Movement to Q1	Transfer Between Reserves	Proposed Use of Reserves	Anticipated Balance at 31/03/20
Additional Resilience Requirements	767	68	(337)	(98)	168	568
Capital Expenditure Reserve	11,745					11,745
Central Programme Office	0	250	542		(147)	645
Community Safety Investment Fund	0	11	(11)			0
Compensation	1,000		(250)		(417)	333
Emergency Services Mobile Communication Programme	1,928	345	(99)		(2)	2,172
Emergency Medical Response	294					294
Fire Safety and Youth Engagement	715	273	42		(23)	1,007
HMICFRS inspection regime	21	65	(63)		(22)	0
Hydrants	462		(95)		95	462
ICT Development Reserve	1,851	150	(208)		160	1,953
LFC Control Centre	959		(209)	(21)		729
LFB Museum Project	210		(70)		61	201
London Resilience	1,015	38	(150)	(38)	(94)	771
London Safety Plan Initiatives	4,178	76	(499)	(536)	(56)	3,162
New Governance Arrangements	0	148		(148)		0
Organisational Reviews	505	316	(355)	(51)	(88)	327
Recruitment/ Outreach	370			(120)		250
Sustainability	235		(235)		235	235
Vehicle & Equipment Reserve	2,865	244	(1,965)	(187)	1,741	2,697
Budget Flexibility	23,110	7,287	(467)			29,930
General	23,204	(9,271)	(1,325)	1,200	7,585	21,393
Total	75,434	0	(5,754)	0	9,195	78,875

28. The reserves table above includes a transfer back into the Vehicle & Equipment reserve of £1,741k due to Ultra Low Emission Fleet Project with minimal amount spent this financial year, the Sustainability reserve of £235k as costs are now expected to be incurred in 2020/21, £168k on Additional Resilience Requirements due to a reduction in forecast one off training and other costs and £160k on the ICT development reserve due to revised forecasts for spend on this budget and Hydrants £95k.

29. As previously reported at Quarter 3, £566k has been transferred back into the general reserve, made up of £187k from the Vehicle & Equipment reserve, £148k from the New Governance reserve, £120k from the Outreach reserve and £38k from the London Resilience reserve, as all these projects are now completed; as well as £51k from the Organisational Review reserve as the funding for the training review has been contained within existing budgets, and £21k from

the Control reserve, as actual costs of temporarily increasing the Control establishment are slightly less than originally forecast.

30. There is additional use of reserves, from the position previously reported, of £147k from Central Programme Office, £417k on Compensation reserve to fund personal injury claims £56k from the London Safety Plan reserve to fund the blue light secondary schools project, £88k from the Organisational Review reserve to fund the Role to Rank project costs, £22k to fund the project team working on the Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection past the original September end date, £23k to fund Fire Safety and Youth Engagement and £94k from London Resilience to fund the costs for the replacement of the IT hardware on the eight existing Command Support Units.
31. Following a review of the remaining reserve balances, £634k has been transferred back into the general reserve made up of £98k from Additional Resilience Requirements and £536k from London Safety Plan (LSP) Initiatives, as these programmes near conclusion. This leaves a balance of £3,162k in the LSP Initiatives reserve required for the Opening up Fire Stations project (£1.5m), Firefighter Technology project (£0.8m) and other remaining projects (£0.9m).
32. The forecast movement on the reserves in 2019/20 was included as part of the Budget Report 2019/20, and Table 3 below shows the movements from that original position to the provisional outturn. This shows the anticipated balance on reserves at 31st March 2020 presented in the Q1 financial position report and the revised forecast balance included in this report, with the balance on reserves increasing from £69,680k to £78,875k, a movement of £9,195k, largely as a result of the increase in the general reserve due to the movement in the outturn forecast.

Table 3. Movement in Reserves – Q1 to Provisional Outturn

£000s	Anticipated Balance March 2020 (Q1 Report)	Provisional Outturn Balance March 2020	Movements
Additional Resilience Requirements	498	568	70
Capital Expenditure Reserve	11,745	11,745	0
Central Programme Office	792	645	(147)
Community Safety Investment Fund	0	0	0
Compensation	750	333	(417)
Emergency Services Mobile Communication Programme	2,174	2,172	(2)
Emergency Medical Response	294	294	0
Fire Safety and Youth Engagement	1,031	1,007	(23)
HMICFRS inspection regime	22	0	(22)
Hydrants	367	462	95
ICT Development Reserve	1,793	1,953	160
LFC Control Centre	750	729	(21)
LFB Museum Project	140	201	61
London Resilience	903	771	(132)
London Safety Plan Initiatives	3,755	3,162	(593)
New Governance Arrangements	148	0	(148)
Organisational Reviews	466	327	(138)
Recruitment/ Outreach	370	250	(120)
Sustainability	0	235	235
Vehicle & Equipment Reserve	1,143	2,697	1,554

£000s	Anticipated Balance March 2020 (Q1 Report)	Provisional Outturn Balance March 2020	Movements
Budget Flexibility	29,930	29,930	0
General	12,608	21,393	8,785
Total	69,680	78,875	9,195

Capital Programme

33. The capital outturn for 2019/20 is £31,061k, which is a reduction of £357k compared to the position reported at Quarter 3, £31,418k (LFC-0296). The main changes in the programme are outlined below.

• Budgets brought forward from 2020/21	£1,738k
• Budget slippage to 2020/21	(£2,229k)
• Disposal costs	£164k
• Budget Savings	(£30k)
Total	(£357k)

34. The budgets brought forward from 2020/21 of £1,738k primarily relate to Fleet, with key movements being on Aerial Appliances (£741k), Fire boats replacement (£234k), and Other Fleet Appliances and Vehicles (£589k).

35. The budget slippage of £2,229k to 2020/21 includes ICT projects on Wireless Access Points (£658k), Multi Agency Incident Transfer (MAIT) (£195k), and Control and Mobilisation (£100k); Property projects on Minor Improvements – Stations (£327k), Operational Support Centre (£197k), Croydon Training Centre (£151k), and West Hampstead Cottages (£144k); and on Fleet Equipment (£134k).

36. The disposal costs of £164k relate to professional fees and will be offset against capital receipts when the sale of assets has been completed.

37. The changes from the Q3 position are summarised by department in Table 4 below, and a more detailed explanation of the changes is provided in Appendix 3

Table 4. Capital Budget Changes By Department

Budget Year	Q3 Forecast £000s	Outturn 2019/20 £000s	Variance £000s	Savings £000s	Slippage to/ from later years £000s	New Budget £000s
ICT	1,749	623	(1,126)	(18)	(1,108)	0
Property	9,539	8,625	(914)	12	(902)	0
Communications	30	0	(30)	0	(30)	0
Fleet	20,009	21,558	1,549	0	1,549	0
Operational Policy	91	91	0	0	0	0
Disposal costs	0	164	164	0	0	164
Capital Programme	31,418	31,061	(357)	(30)	(491)	164

Debtors

38. An analysis of debtors relating to Shut in Lifts charges is provided in Appendix 5. This includes a chart to show the amount of outstanding SiL debts over the last 12 months, with £222k outstanding at the end of March 2020, with 31% of this under 30days old. Overdue invoices are reviewed and action taken as necessary to address outstanding balances.
39. The total number of Shut in Lift debts has been falling gradually over the previous years, after its peak in 2015, with the overall balance reduced from £300k at the end of September 2015 to £104k at the end of June 2018. However the level of outstanding debts has increased during 2019/20. This is in part due to an increase in the number of Shut in Lift incidents, with charges in the year exceeding the budget by £201k. Work is ongoing to understand the reason for this, and whether additional income should be built into the budget estimates for future years.
40. Debts continue to be monitored to determine appropriate actions to manage outstanding balances but it does however continue to be a challenging process to recover a number of these debts.

Additional Resilience Requirements

41. Appendix 7 provides detailed information on the additional resourcing costs agreed (FEP2763) following the Grenfell Tower fire and terrorist incidents in 2017. This includes the actual spend for 2018/19 and 2019/20 and forecast spend for future years.
42. It is proposed that reporting on Additional Resilience Requirements is no longer presented as a separate appendix, and is reported as business as usual from 2020/21.

Finance comments

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

Workforce comments

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

Legal comments

45. The report is a financial update submitted in accordance with Part 6 (Financial Regulations) of the London Fire Commissioner's ("LFC") Scheme of Governance which sets out detailed rules covering financial planning, monitoring and control.
46. This report fulfils the obligations set out in paragraph 8 and 9 of the Financial Regulations which stipulates that appropriate financial information must be provided to enable budgets be monitored effectively, and that all virements (transfers of budget) of revenue budget that had not been committed be reported as part of the quarterly financial position report.
47. The Director of Corporate Services has responsibility for the administration of the LFC's financial affairs under section 127 of the Greater London Authority Act 1999, and is required to ensure arrangements for all financial and accounting matters, the security of money, and other assets are economic, efficient and effective.

Sustainability implications

48. There are no direct sustainable implications.

Equalities implications

49. This The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when exercising our functions and taking decisions.
50. It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
51. The protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), Race (ethnic or national origins, colour or nationality), Religion or belief (including lack of belief), Sex, and Sexual orientation.
52. The Public Sector Equality Duty requires us, in the exercise of all our functions (i.e. everything we do), to have due regard to the need to:
- (a) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - (b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - (c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
53. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
54. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
55. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
- (a) tackle prejudice, and
 - (b) promote understanding.

56. Consultation with the Inclusion Team has taken place with regard to this financial position. The outcomes have been considered when coming to the conclusions in this report. There are no direct equality impacts arising from this statement of financial position, however an initial equality impact assessment has been undertaken on the 2020/21 budget proposals and will be considered in light of savings proposals on an individual basis.

List of Appendices

Appendix	Title	Protective Marking
1.	Summary Financial Position	Not protectively marked
2.	Detailed Financial Position	Not protectively marked
3.	Capital Programme	Not protectively marked
4.	Risks to the Revenue and Capital Position	Not protectively marked
5.	Outstanding Lift debtors	Not protectively marked
6.	Scheme of Governance - Budget Virements	Not protectively marked
7.	Additional Resilience Requirements	Not protectively marked

Summary Financial Position

Appendix 1

	Revised Budget	Outturn	Outturn Variance	Previous Forecast Outturn Variance	Movement between variance figures
	£000s	£000s	£000s	£000s	£000s
Operational staff	270,131	269,936	(195)	(1,184)	988
Other staff	59,911	57,593	(2,318)	(1,046)	(1,272)
Employee related	22,195	23,327	1,133	646	487
Pensions	20,769	20,870	101	218	(117)
Premises	39,641	39,885	244	1,732	(1,488)
Transport	16,947	16,645	(303)	(485)	183
Supplies and services	29,538	29,283	(255)	2,145	(2,400)
Third party payments	2,055	1,839	(216)	107	(323)
Capital financing costs	9,775	8,958	(817)	(823)	6
Central contingency against inflation	123	(0)	(123)	(187)	64
Total revenue expenditure	471,086	468,337	(2,749)	1,124	(3,873)
Other income	(40,575)	(44,686)	(4,111)	(4,144)	33
Net revenue expenditure	430,511	423,651	(6,860)	(3,020)	(3,840)
Use of earmarked reserves	(2,819)	(2,819)	(0)	0	(0)
Financing Requirement	427,692	420,832	(6,860)	(3,020)	(3,840)
Financed by:					
Specific grants	(35,387)	(34,787)	600	(122)	722
GLA funding	(392,305)	(392,305)	0	0	0
Net Financial Position	0	(6,260)	(6,260)	(3,142)	(3,118)

Detailed Financial Position

Appendix 2

	Original Budget	Revised Budget	Outturn	Outturn Variance		Previous Forecast Outturn Variance (Q3)	Movement between Q3 and outturn variance
	£	£	£	£	%	£	£s
Operational Staff	270,798,421	267,936,608	267,441,142	(495,466)	(0.2%)	(1,467,388)	971,921
Trainee Firefighters	1,590,569	2,194,401	2,494,599	300,198	13.7%	283,693	16,505
Total Operational Staff	272,388,990	270,131,009	269,935,741	(195,268)	(0.1%)	(1,183,695)	988,427
FRS Staff	53,080,258	54,394,623	52,078,833	(2,315,790)	(4.3%)	(1,090,145)	(1,225,645)
Control Staff	5,299,147	5,516,689	5,514,269	(2,419)	(0.0%)	44,000	(46,419)
Total Other Staff	58,379,405	59,911,312	57,593,102	(2,318,209)	(3.9%)	(1,046,145)	(1,272,064)
Other Pension Payments	880,000	880,000	1,103,531	223,531	25.4%	137,000	86,531
Severance	0	8,060	39,351	31,291	388.2%	0	31,291
Professional Development	18,353,950	17,746,408	18,772,626	1,026,218	5.8%	568,365	457,853
Recruitment	181,159	136,967	71,117	(65,850)	(48.1%)	4,535	(70,385)
Employee Related Insurance	215,000	215,000	266,274	51,274	23.8%	61,777	(10,503)
Compensation	805,814	1,222,986	1,222,286	(700)	(0.1%)	0	(700)
Medical and Welfare Expenses	2,279,081	1,985,081	1,852,263	(132,818)	(6.7%)	(125,372)	(7,446)
Total Employee Related	22,715,004	22,194,502	23,327,448	1,132,946	5.1%	646,305	486,641
Firefighter Pension Scheme	20,769,276	20,769,276	20,870,015	100,739	0.5%	218,020	(117,281)
Building Maintenance	8,512,832	8,761,350	9,338,583	577,233	6.6%	1,086,001	(508,768)
Grounds Maintenance	120,984	120,984	105,513	(15,471)	(12.8%)	0	(15,471)
Premises Security	547,752	547,752	701,281	153,529	28.0%	122,000	31,529
Energy Costs	2,271,205	2,271,205	2,533,262	262,057	11.5%	606,000	(343,943)
Rents	8,256,016	8,282,856	8,283,216	360	0.0%	61,118	(60,758)
Property PFI Contract	5,635,202	5,635,202	5,628,556	(6,647)	(0.1%)	0	(6,647)

Detailed Financial Position

Appendix 2

	Original Budget	Revised Budget	Outturn	Outturn Variance		Previous Forecast Outturn Variance (Q3)	Movement between Q3 and outturn variance
Property Rates	8,936,853	8,795,117	8,594,754	(200,362)	(2.3%)	(172,332)	(28,030)
Water & Sewerage Rates	271,515	271,515	244,661	(26,854)	(9.9%)	0	(26,854)
Fixtures & Fittings	97,969	87,969	97,476	9,507	10.8%	10,000	(493)
Cleaning and Domestic Supplies	2,101,297	2,065,597	1,938,069	(127,528)	(6.2%)	(2,000)	(125,528)
Premises Insurance	322,000	322,000	333,456	11,456	3.6%	18,000	(6,544)
Other Property Services	2,573,583	2,479,247	2,086,345	(392,902)	(15.8%)	3,583	(396,485)
Total Premises	39,647,207	39,640,793	39,885,171	244,378	0.6%	1,732,370	(1,487,992)
Running Costs	2,486,164	2,486,164	2,497,353	11,190	0.5%	271,659	(260,469)
Vehicle and Equipment Contract	11,282,867	11,261,224	11,011,300	(249,924)	(2.2%)	(430,149)	180,225
Vehicle Passthroughs	658,889	784,469	502,110	(282,360)	(36.0%)	(168,279)	(114,081)
Maintenance and Repairs	2,200,000	40,281	46,707	6,426	16.0%	0	6,426
Contract Hire & Operating Leases	1,157,462	1,153,263	1,560,758	407,495	35.3%	54,740	352,755
Travel	975,583	1,221,981	1,026,439	(195,543)	(16.0%)	(213,462)	17,919
Total Transport	18,760,965	16,947,382	16,644,666	(302,716)	(1.8%)	(485,491)	182,775
Hydrants	496,055	428,204	398,512	(29,692)	(6.9%)	(0)	(29,692)
Operational Equipment	2,767,692	1,625,059	1,516,991	(108,068)	(6.7%)	202,857	(310,925)
Smoke Alarms	700,000	586,638	556,033	(30,605)	(5.2%)	(49,999)	19,394
Equipment Furniture and Materials	294,441	323,815	359,021	35,206	10.9%	51,922	(16,716)
Lost & NFWT Operational Equipment	116,871	116,871	81,757	(35,114)	(30.0%)	(31,871)	(3,243)
Catering	303,636	337,436	249,510	(87,926)	(26.1%)	(7,910)	(80,016)
Clothing & Laundry	3,271,629	3,484,897	3,457,890	(27,007)	(0.8%)	376,820	(403,827)
General Office Expenses	619,245	716,444	576,893	(139,551)	(19.5%)	(28,469)	(111,082)
Professional Services	9,615,198	10,036,534	10,180,117	143,584	1.4%	786,477	(642,894)
Postal Services	61,055	61,055	74,218	13,163	21.6%	34	13,129

Detailed Financial Position

Appendix 2

	Original Budget	Revised Budget	Outturn	Outturn Variance		Previous Forecast Outturn Variance (Q3)	Movement between Q3 and outturn variance
Communications	3,982,950	4,045,118	4,570,436	525,318	13.0%	494,321	30,997
Hardware and Software	6,345,135	6,911,324	6,287,543	(623,781)	(9.0%)	280,955	(904,736)
Staff Reimbursements	248,721	242,721	236,526	(6,195)	(2.6%)	0	(6,195)
Grants and Subscriptions	205,771	205,771	218,655	12,884	6.3%	48,057	(35,173)
Other Insurance	250,000	250,000	267,394	17,394	7.0%	16,394	1,000
Advertising	105,861	115,861	99,597	(16,264)	(14.0%)	5,377	(21,641)
Other Supplies and Services	45,170	50,170	152,206	102,036	203.4%	(62)	102,098
Total Supplies and Services	29,429,429	29,537,919	29,283,300	(254,619)	(0.9%)	2,144,903	(2,399,522)
Other Agencies	321,700	333,097	315,053	(18,044)	(5.4%)	0	(18,044)
Other Local Authorities	1,406,894	1,633,594	1,424,390	(209,204)	(12.8%)	108,016	(317,220)
Audit & Bank Charges	88,600	88,600	99,820	11,220	12.7%	(600)	11,820
Total Third Party Payments	1,817,194	2,055,291	1,839,263	(216,028)	(10.5%)	107,416	(323,444)
Debt Repayment	6,357,000	6,357,000	5,898,453	(458,547)	(7.2%)	(458,547)	0
External Interest	3,418,000	3,418,000	3,059,656	(358,344)	(10.5%)	(364,000)	5,656
Total Capital Financing Costs	9,775,000	9,775,000	8,958,109	(816,891)	(8.4%)	(822,547)	5,656
Budget for Non Staff Inflation	0	0	0	0	0.0%	0	0
Central Contingency	100,841	(22,692)	0	22,692	(100.0%)	22,692	(1)
Savings to Be Achieved	(173,287)	(146,732)	0	146,732	(100.0%)	72,871	73,861
Savings done by DA	120,997	292,871	(0)	(292,871)	(100.0%)	(282,871)	(10,000)
Contingency	48,551	123,448	(0)	(123,448)	(100.0%)	(187,308)	63,860
Total revenue expenditure	473,731,021	471,085,931	468,336,815	(2,749,116)	(0.6%)	1,123,828	(3,872,944)

Detailed Financial Position

Appendix 2

	Original Budget	Revised Budget	Outturn	Outturn Variance		Previous Forecast Outturn Variance (Q3)	Movement between Q3 and outturn variance
MFB Act Income	(29,137,291)	(29,137,291)	(29,593,415)	(456,124)	1.6%	(456,124)	(0)
Customer and Client Receipts	(9,008,762)	(11,117,627)	(13,866,885)	(2,749,258)	24.7%	(3,018,332)	269,074
Interest Receivable	(320,000)	(320,000)	(1,239,301)	(919,301)	287.3%	(680,000)	(239,301)
Bad Debts	0	0	13,411	13,411	0.0%	10,382	3,029
Total Other Income	(38,466,052)	(40,574,918)	(44,686,191)	(4,111,273)	10.1%	(4,144,074)	32,801
Net revenue expenditure	435,264,969	430,511,014	423,650,624	(6,860,389)	(1.6%)	(3,020,246)	(3,840,143)
Use of Earmarked Reserves	(12,401,066)	(2,818,860)	(2,818,860)	(0)	0.0%	0	(0)
Financing Requirement	422,863,903	427,692,154	420,831,765	(6,860,389)	(1.6%)	(3,020,246)	(3,840,143)
Financed by:							
Specific grants	(31,608,903)	(35,387,072)	(34,786,846)	600,226	(1.7%)	(121,550)	721,776
GLA Grant	(391,255,000)	(392,305,082)	(392,304,610)	472	(0.0%)	0	472
Net Financial Position	0	0	(6,259,691)	(6,259,692)	0.0%	(3,141,796)	(3,117,896)

2019/20 Capital Outturn

The final capital outturn for 2019/20 is **£31,061k**, which is a **£357k** reduction from the position reported at Q3 of £31,418k (LFC-0296). The changes in the programme are detailed below.

Budgets brought forward from 2020/21	£1,738k
Budget slippage to 2020/21	(£2,229k)
Disposal costs	£164k
Budget Savings	<u>(£30k)</u>
Total	(£357k)

Budget brought forward from 2020/21 – £1,738k

- ICT - Farynor Replacement (£9k)
- Property - Appliance Bay Doors (£17k)
- Property - Lambeth River Station (£12k)
- Property - Rewiring works - stations (£107k)
- Fleet - Fire boat replacement (£234k)
- Fleet - Aerial Appliances (£741k)
- Fleet - Other Fleet Appliances and Vehicles (£589k)
- Fleet - Fleet equipment (£29k).

Slippage to 2020/21 – £2,229k

- ICT - Wireless Access Points (£658k)
- ICT - Control and Mobilisation (£100k)
- ICT - Multi Agency Incident Transfer (MAIT) (£195k)
- ICT - Upgrade Operating System (£98k)
- ICT - Mobile Data Terminals Replacement (£56k)
- ICT - Telephone System (£10k)
- Communication - Museum fit out (£30k)
- Fleet - CCTV on Pumping Appliances (£44k)
- Property - Heating works at various stations (£91k)
- Property - Croydon Training Centre (£151k)
- Property - Minor Improvements – Stations (£327k)
- Property - Operational Support Centre (£197k)
- Property - Roofing works – Stations (£94k)
- Property - West Hampstead Cottages (£144k)
- Property - Windows works (£24k)
- Property - Plumstead Refurbishment (£10k)

Other Costs - £164k

- Professional fees incurred in the disposal of sites (£164k)

Budget savings – £30k

- ICT - Business Intelligence Solution (BIS) (£18k)
- Property - Workplace improvement project (£8k)
- Other savings (£4k)

Capital Schemes Update

The key movements on the capital schemes in 2019/20 are considered below.

▪ Budgets brought forward

The budgets brought forward from 2020/21 of £1,738k primarily relate to Fleet, with key movements being on Aerial Appliances (£741k), Fire boats replacement (£234k), and Other Fleet Appliances and Vehicles (£589k).

- Aerial Appliances (£741k) - At the beginning of the financial year the forecast Aerial Appliance spend was £1.85m, which was made up of 15 Stage 1 payments, relating to the 32m and 64m aerals. As the project progressed Fleet were able to accelerate progress and also make some payments relating later stages in the appliance build, which will ultimately lead to the appliances being operational earlier.
- Fire Boats (£234k) - The budget included the Stage 1 payment for one boat however additional progress was able to be made on the delivery programme and allowed the Stage payments for both boats 1 and 2 to be made bringing forward the expenditure.
- Other Fleet Appliances and Vehicles (£589k) – The brought forward budget primarily relates to pumping appliances, where it was forecast to deliver 47 appliances, from batches 1 and 2, during the year. However, and despite one appliance in batch 2 not being delivered due to factory closure because of COVID-19, Fleet were able to deliver 46 appliances from batches 1 and 2 and also four appliances from batch 3, which resulted in 50 pumping appliances being delivered in 2019/20.

▪ Budget slippage

The budget slippage of £2,229k to 2020/21 includes ICT projects on Wireless Access Points (£658k), Multi Agency Incident Transfer (MAIT) (£195k), and Control and Mobilisation (£100k); Property projects on Minor Improvements – Stations (£327k), Operational Support Centre (£197k), Croydon Training Centre (£151k), and West Hampstead Cottages (£144k); and on Fleet Equipment (£134k).

- Wireless Access Points (£658k) - This project was initially delayed by a procurement challenge, which resulted in the award of the contract being later than planned. Subsequently manufacturing and component issues caused by COVID-19 have pushed back the delivery of the equipment to 2020/21, with this now expected in May 2020.
- Multi Agency Incident Transfer (MAIT) (£195k) – This project is a collaboration with the Metropolitan Police Service and the London Ambulance Service, and progress is dependent on those other agencies. They are, however, not yet in a position to progress the project, therefore the budget has been slipped to 2020/21.
- Control and Mobilisation (£100k) – The delivery on enhancements was delayed due to problems with the system upgrade, and consequently this has now been slipped to 2020/21.
- Minor Improvements – Stations (£327k) – This slippage relates to a number of projects across fire stations, with key areas being the proposed replacement gates installation at Fulham, with concerns about this possibly restricting use of the drill tower (£81k); refurbishment at Southgate, including 'privacy for all' works (£51k), works at Clapham to convert single person quarters to office accommodation (£63k), and works to refurbish the showers at Feltham, with

delays due to technical issues with the electric supply and the contractor stopping due to COVID-19 (£34k).

- Operational Support Centre (£197k) - Further delays were experienced in handing over the building, therefore works were not invoiced as anticipated. In addition, a new hose testing machine was not been delivered as a result of a slowdown in manufacturing.
- Croydon Training Centre (£151k) – The project suffered a delay of four months caused by pre-planning application discussions and issues with the design of the Real Fire Training Venue (RFTV) systems.
- West Hampstead Cottages (£144k) - Supply chain difficulties have been experienced in sourcing trade and equipment hire as a result of COVID-19, with a lack of the materials required for the internal lime plastering has delayed completion of the internal works.
- Fleet Equipment (£134k) – A key reason for this slippage is the delay in the delivery of 155 Smoke Blockers, which were due in March 2020, due to COVID19 restrictions at the factory, in China, manufacturing these.

Capital Budget Movements

The tables below provide a summary of the movements since the Q3 financial position report (LFC-0296) and a summary of the impact on the capital budgets in future years.

2019/20 Capital Programme

Appendix 3

The below table sets out the detailed outturn position for capital projects and the movement from the Q3 position.

Department	2019/20 Q3	2019/20 Provisional Outturn	Movement Q3 to Outturn	Reason for Movement Q3 to Outturn
	£000	£000	£000	
ICT Capital Projects				
Business Intelligent Solution	384	366	(18)	Saving
Control & Mobilisation System (CAMS)	100	0	(100)	Slippage to 2020/21
Farynor Replacement	20	29	9	Negative slippage
ICT – Virtual Desktop Technology	0	0	0	
Mobile Data Terminals Replacement	71	15	(56)	Slippage to 2020/21
Multi Agency Incident Transfer (MAIT)	195	0	(195)	Slippage to 2020/21
Netscaller Replacement	73	73	0	
New computer terminals - Fat Client	0	0	0	
New Finance System	0	0	0	
New HR and Payroll System	0	0	0	
New telephone system equipment	150	140	(10)	Slippage to 2020/21
Performance and Administration Management Solution	0	0	0	
Upgrade Operating System	98	0	(98)	Slippage to 2020/21
Wireless Access Points	658	0	(658)	Slippage to 2020/21
ICT Total	1,749	623	(1,126)	

2019/20 Capital Programme

Appendix 3

Department	2019/20 Q3	2019/20 Provisional Outturn	Movement Q3 to Outturn	Reason for Movement Q3 to Outturn
	£000	£000	£000	
Property Capital Projects				
Appliance Bay Doors (Phase 3)	458	475	17	Offset against 2020/21 budget
Brigade wide Survey for Asbestos & Removal	20	16	(4)	Saving
Bromley FS – Improvements	(2)	(2)	0	
Development costs	1	1	0	
Heating at various stations	499	408	(91)	Slippage to 2020/21
Lambeth River Station Redevelopment	61	73	12	Slippage to 2020/21
LFB Training Centre, Croydon	613	462	(151)	Slippage to 2020/21
Minor Improvement Programme	2,118	1,791	(327)	Slippage to 2020/21
Operations Support Centre Project (IELP)	3,980	3,783	(197)	Slippage to 2020/21
Plumstead Fire Station Redevelopment	50	40	(10)	Slippage to 2020/21
Rewiring of property at various fire stations	528	635	107	Offset against 2020/21 budget
Roofing replacements	649	555	(94)	Slippage to 2020/21
West Hampstead Cottages Refurb (FEP2776)	463	319	(144)	Slippage to 2020/21
Window replacement at various stations	59	35	(24)	Slippage to 2020/21
Workplace Improvement Plan (WIP) Union Street	42	34	(8)	Saving
LFB Museum – Fit out	0	0	0	
Property Total	9,539	8,625	(914)	
Communications Capital Projects				
LFB Museum – Fit out	30	0	(30)	Slippage to 2020/21
Communications Total	30	0	(30)	

2019/20 Capital Programme

Appendix 3

Department	2019/20 Q3	2019/20 Provisional Outturn	Movement Q3 to Outturn	Reason for Movement Q3 to Outturn
	£000	£000	£000	
Fleet and Equipment Capital Projects				
CCTV on Pumping Appliances	232	188	(44)	Slippage to 2020/21
Replacement of Fire Boat	233	467	234	Offset against 2020/21 budget
Replacement of Aerial Appliances	4,762	5,503	741	Offset against 2020/21 budget
Replacement of Fleet and other Vehicles	14,143	14,732	589	Offset against 2020/21 budget
Replacement of Fleet associated Equipment	639	668	29	Offset against 2020/21 budget
Fleet and Equipment Total	20,009	21,558	1,549	
Operational Policy Equipment Capital Projects				
Fireground Radios	0	0	0	
Portable Hygiene Units	91	91	0	
Respiratory Protective Equipment - Barrie	0	0	0	
Operational Policy Equipment Total	91	91	0	
Disposal Costs	0	164	164	
Overall Total	31,418	31,061	(357)	

2019/20 Capital Programme

Appendix 3

The table below sets out the impact of the capital project slippage from 2019/20, and the capital budgets for future years.

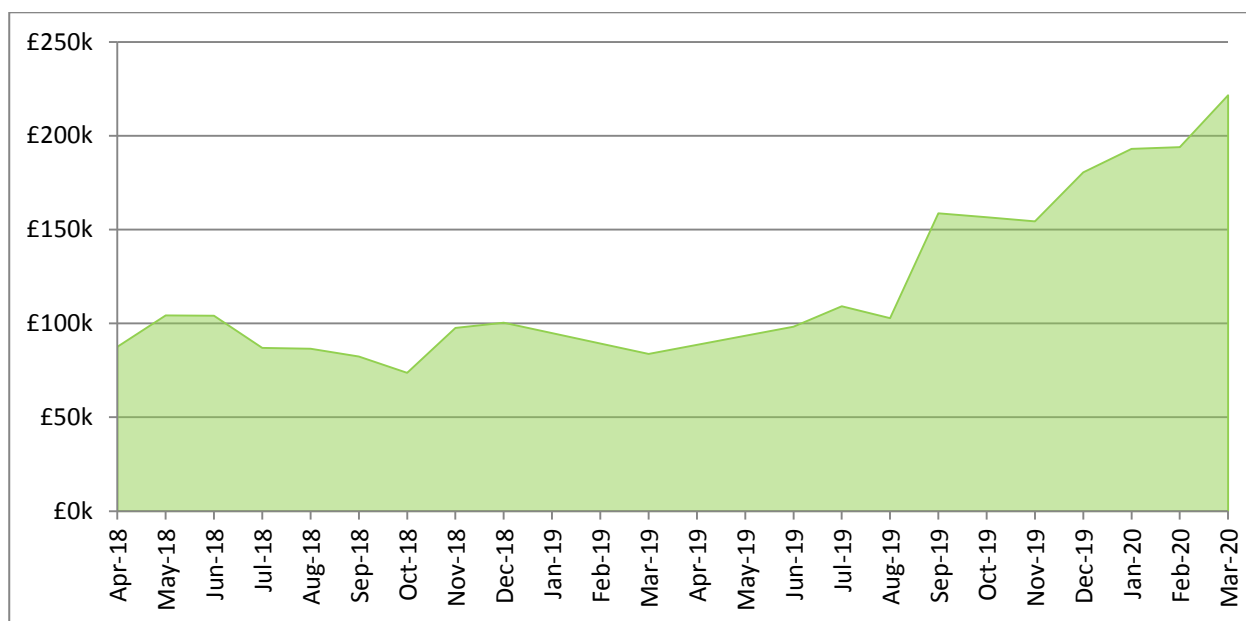
Capital Programme 2020/21 onwards - Outturn 2019/20	2020/21 Capital Strategy Budget £000	Slippage from 2019/20 £000	2020/21 Revised Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000
ICT Projects	1,380	1,108	2,488	3,290	4,846	5,950
Property Projects	13,251	902	14,153	21,090	13,750	10,365
Communication Project	80	30	110	1,120	1,152	0
Fleet Projects	17,779	(1,549)	16,230	15,652	2,948	42
Operational Policy Projects	3,200	0	3,200	5,000	0	0
CAPITAL EXPENDITURE TOTAL	35,690	491	36,181	46,152	22,696	16,357

1. Risks to Capital Expenditure and Financing
 - 1.1. The capital programme is regularly reviewed and the associated risks to the programme are assessed throughout the year. Some risks are generic such as contractor default whilst other risks are specific to individual projects. Mitigating actions are adopted to reduce the risk occurring and to limit the impact of the risk, should it occur.
 - 1.2. The capital budget is subject to change during the year. Initial project specification is key as it is important to keep variations to projects to a minimum, as change once a project has been agreed and commenced may result in additional costs. However even a well managed project can be subject to **re-phasing or deferral** due to a number of unforeseen issues, such as failure or default on the part of the contractor or exceptionally adverse weather conditions. This can also impact on funding requirements which in turn may have a debt charge (cost of borrowing) revenue impact.
 - 1.3. All capital projects will require **third party collaboration** to varying degrees over the project life. The programme depends heavily on external factors and therefore can be subject to variation with the potential for delays in project delivery and revised cash flow requirements. The capital programme is managed on a monthly basis and is reported quarterly to the CAPS group (Capital, Approval, Planning and Strategy Group, chaired by the Director of Corporate Services) where all changes to the programme are reviewed and substitution projects or re-financing proposals are assessed and agreed.
 - 1.4. The debt charges arising from the capital programme have been calculated using the current forecast Public Works Loans Board (PWLB) rates. No allowance has been made in the capital programme for potential future **capital grants or contributions** and the Brigade will bid for available capital resources as and when such opportunities arise.
 - 1.5. The 2020/21 capital programme includes the sale of the former fire station at **Clerkenwell** and the part disposal of 8 Albert Embankment. If the sales are delayed, it will impact on the financing of the capital programme and will result in additional borrowing and revenue costs than that currently envisaged. The level of required borrowing will be dependant on the timing of the capital receipts and the level of actual capital expenditure incurred during the year.
 - 1.6. The **LFB Training Centre** project has a number of dependencies and challenges on maintaining costs within budget and with design in particular on the Real Fire Training Venue. This will need to be monitored on an ongoing basis.
 - 1.7. A number of fire stations require major refurbishment/redevelopment which are not currently in the medium term capital programme. Should opportunities arise to relocate these fire stations funding may need to be requested/re-directed from other projects if deemed a priority.
 - 1.8. **Replacement vehicles and equipment** - Key risks relate to the contractor sourcing appropriate vehicle build options within a timeframe that meets fleet replacement requirements and which may in turn impact the LFC's cash flow. The forecast cash expenditure for 2020/21 and future years is based on the current assessment of the stage payment requirements for the pump replacement and aerial appliance replacement programme, which represents nearly 50% of the forecast Vehicles and Equipment expenditure in that period, and the delivery timings for the balance of the fleet replacement programme.

The chart below shows the amount of outstanding Shut in Lift debts over the last 12 months, with £222k outstanding at the end of March 2020. 31% of this outstanding debt is under 30 days old.

The level of outstanding debts has increased during the year. This is in part due to an increase in the number of Shut in Lift incidents, with charges in the year exceeding the budget by £201k. Work is ongoing to understand the reason for this, and whether additional income should be built into the budget estimates for future years.

Debts continue to be monitored to determine appropriate actions to manage outstanding balances.



The table below shows the top five (worst) outstanding debtors for LIFT income. It should be noted that about 40% of the outstanding invoices due from these five organisations are less than 30 days overdue.

	£ outstanding	No of invoices
PEABODY TRUST	14,978	37
A2 DOMINION HOMES LIMITED	9,342	23
LONDON BOROUGH OF SOUTHWARK	8,950	22
ROYAL BOROUGH OF GREENWICH	7,729	19
LONDON BOROUGH OF CROYDON	7,238	18
Grand Total	48,238	119

Review of the top five debtors

Peabody Trust:

Debts have been referred to General Counsel.

A2 Dominion Homes Limited:

Fourteen invoices with value of £5,688 have been referred for debt recovery, however five invoices totalling £2,034 are under 30 days old.

London Borough of Southwark:

All outstanding invoices are under 30 days old.

Royal Borough of Greenwich

Fourteen invoices with a total value of £5,695 are under 30 days old, and five invoices totalling £2,034 are currently in dispute over Purchase Order issues.

London Borough of Croydon

Six invoices totalling £2,441 are under 30 days old, and payment is expected shortly for 12 invoices with a total value of £4,798.

Financial Regulation 9:

"(b) With the agreement of the Director of Corporate Services, a Head of Service may transfer up to £50,000 from a budget head within that department's approved budget to a budget head within another department's approved budget, but if those budget heads are in different Directorates the agreement of the appropriate Director or Commissioner is also required.

(c) With the agreement of the Director of Corporate Services, Directors may transfer up to £150,000 from a budget head within that department's approved budget to a budget head within another department's approved budget.

(e) The Director of Corporate Services shall report all transfers under (b) and (c) to the Commissioner as part of the quarterly Financial Position reports."

There were no transfers under this delegated authority in Q4 of 2019/20.

Summary of changes from Q3 forecast

This appendix provides detailed information on the additional resourcing costs agreed following the Grenfell Tower fire and terrorist incidents in 2017 .

Spend at end of March 2020	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Capital	419,865	5,632,962	0	0
Revenue	3,765,676	5,523,737	5,409,894	4,723,494
Reserve Funded	213,000	241,612	0	0
Total	4,398,541	11,398,311	5,409,894	4,723,494
Forecast in Dec. Financial Position Report				
Capital	419,865	5,577,050	0	0
Revenue	4,764,796	4,799,894	5,409,894	5,409,894
Reserve Funded	213,000	241,612	0	0
Total	5,397,661	10,618,556	5,409,894	5,409,894
Movement from previous	(999,120)	779,755	0	(686,400)
Movement from Q3 Report				
R6 - Cost of investigation team. This forecast includes a draw of (£165k) from reserves. R7a - Grenfell Legal Support (external legal advisors), R7b - Insurance recovery - Income from insurance company for cost incurred.	(1,457,085)			
C1 -Extended Height Aerial Appliances x3. Revised purchase price as included in the capital programme.		779,755		
R6 -Grenfell Investigation Legal Team additional spend and saving in 2022/23	457,965			(686,400)
Total Movement	(999,120)	779,755	0	(686,400)

Additional Resilience Requirements

Appendix 7

Ref	Department	Description of Growth	Update	Actual Spend in 2017/18	Actual Spend in 2018/19	Actual Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
C1	Procurement/ Technical & Service Support	Aerial appliances are used for a range of tasks at incidents which include providing a means of escape for firefighters working inside a building, as water towers, lighting and observation platforms and rescues, as just several examples. Greater height ladders have now become available on a similar size chassis to the Brigade's current fleet that could be effectively utilised at certain incidents within London. As part of the Brigade's existing plan to upgrade its aerial appliance fleet as announced in March, there is a benefit to procuring such vehicles at this time. There has been additional 3 Aerial appliances of 64m TTL with expected cost of £2.8m. Stage 1 process was completed in 2019/20 - cost £419,865 and stage 2 & 3 process is expected to be completed by August 2020.	Revised purchase price as included in the capital programme.	0	0	419,865	2,819,962	0
C2	Operational Policy	The Brigade has been considering using drones for sometime. It is currently able to request the support of police helicopters however this is an extremely expensive option, is not always available, is not within our direct control and for some uses is not as effective as drones might be.	To be progressed via revenue. Complete.	0	0	0	0	0
C3	Operational Policy	Our Standard Duration BA has a working duration of 31 minutes. Extended duration BA has a working duration of 45 minutes. All available EDDBA was utilised at Grenfell. This proposal is for BA on all appliances to	Spending on this is deferred pending further research into BA requirements	0	0	0	2,813,000	0

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Ref	Department	Description of Growth	Update	Actual Spend in 2017/18	Actual Spend in 2018/19	Actual Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
		provide this longer duration.	being carried out by the project team.					
R1a	Procurement/ Technical & Service Support	Ongoing maintenance requirement of £150k for three aerial appliances	Based on item C1 above. This is now forecast to be delayed to 2020/21	0	0	0	75,000	150,000
R1b	Procurement/ Technical & Service Support	Ongoing maintenance requirement of £613k for Extended Duration Breathing Apparatus Sets	The impact to PEG might be far less than originally forecast but until the final decision on breathing apparatus requirements is reported and approved no change to the funding requirement other than to defer it until 2021/22	0	0	0	0	613,000
R2a	Operational Policy	To map the area and conduct localised or wide area search/casualty search. Can also enter danger areas and structures to minimise risk to crews.	Report due to be submitted to SADB that will recommend option on continuing Drone use.	0	16,000	24,000	24,000	24,000

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Ref	Department	Description of Growth	Update	Actual Spend in 2017/18	Actual Spend in 2018/19	Actual Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
R2b	Operational Policy	Early Warning safety device for structural stability. Can also be used for Trench rescue and confined space working.	Complete	0	6,600	0	0	0
R2c	Operational Policy	To provide welfare/shelter for crews/command team in both inclement or sunny weather.	OPA have recommissioned existing equipment and this is not expected to incur significant costs. Currently working on what the initial cost will be for bringing the tents up to the specification required and what the slot price will be for annual maintenance.	0	0	0	0	0
R2d	Operational Policy	For crew welfare over long periods of use compared to full face which can cause crews to overheat.	Revised forecast based on 1800 units being ordered.	0	0	44,000	0	0
R3a	Operational Policy	A shirt which has the ability to breathe and keep the user's skin dry from sweat. The initial cost is based on estimate of £10 per shirt and allocation of five each for all firefighter and crew manager roles.	T-shirts have been issued to USAR personnel. This project is complete.	0	15,000	5,000	5,000	5,000

Additional Resilience Requirements

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Ref	Department	Description of Growth	Update	Actual Spend in 2017/18	Actual Spend in 2018/19	Actual Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
R3b	Operational Policy	A shirt which has the ability to breathe and keep the user's skin dry from sweat. The initial cost is based on estimate of £10 per shirt and allocation of five each for all firefighter and crew manager roles.		0	0	0	242,000	52,000
R4	People Services	Changes in the nature of the Brigade's work, in particular MTFAs and EMR activities have increased the workload of the C&W Team. The unprecedented nature of the Grenfell Tower fire has increased workloads on a significant and sustained basis. In addition to supporting colleagues who were impacted by the fire in the immediate aftermath, the team are supporting the collection of witness statements by the police and will be required to support individuals for months and years to come, up to and including the Public Inquiry. In recognition of this the Resources Committee on 21 July approved the establishment of four additional Counsellor posts (FRS E).	Complete	68,836	244,894	244,894	244,894	244,894

Additional Resilience Requirements

Appendix 7

Ref	Department	Description of Growth	Update	Actual Spend in 2017/18	Actual Spend in 2018/19	Actual Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
R5	Fire Stations	An increase in the Deputy Assistant Commissioner (DAC) establishment from 12 to 16 is required to provide greater resilience within the operational top management group. DACs provide strategic support at incidents that require eight or more fire engines. They are also integral to the Brigade's wider strategic response arrangements including to Major Incidents. Whilst specific positions are still being finalised, the additional posts will support the ongoing day to day resilience within existing departments and provide the necessary level of managerial responsibility to the Brigade's Grenfell Investigation Team.	Complete	238,500	424,000	424,000	424,000	424,000
R6	Grenfell Investigation Team	The establishment of this team was set out in the report on the Grenfell Tower Inquiry – Proposed Terms of Reference as presented to the A&U Committee on 13th July (FEP 2747). The associated legal costs are set out in a separate line below. One-off costs are for equipment set up and the ongoing costs are for 12 staff positions. Note staffing requirements are still being assessed.	This forecast includes a £265k overspend against budget in 2019/20, and includes a draw of £165k from reserves. The forecast spend for future years is under review.	705,506	1,812,732	2,057,965	1,581,843	858,000

Additional Resilience Requirements

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Ref	Department	Description of Growth	Update	Actual Spend in 2017/18	Actual Spend in 2018/19	Actual Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
R7a	General Counsel	The establishment of this team was set out in the report on the Grenfell Tower Inquiry – Proposed Terms of Reference as presented to the A&U Committee on 13th July (FEP 2747). The associated legal costs are set out in a separate line below. One-off costs are for equipment set up and the ongoing costs are for 12 staff positions. Note staffing requirements are still being assessed. Update as of January 2020 - Anticipated costs of external legal advice and representation.	Future years spend assumes it will be reimbursed under LFCs insurance arrangements.	504,657	1,601,360	2,777,295	TBC	TBC
R7b	General Counsel	Expected income from insurance company for reimbursement of costs incurred.	Income from insurance company for cost incurred.	0	(200,000)	(3,944,846)	TBC	TBC
R7c	General Counsel	The Grenfell fire has led to the instigation of a Public Inquiry of which the Authority is expected to be a core participant. Additionally, a parallel criminal investigation into the fire is being carried out by the Metropolitan Police with support from the Authority and HSE. The Authority may be required to play an extensive role in each. This growth bid is twofold. Firstly, the costs in backfilling posts of staff required to work on the Grenfell Tower case and secondly for external legal advice and representation. As per January 2020 update – e-Disclosure Services in relation to hosting, licencing and support for Disclosure Management software.		95,631	424,050	461,368	78,000	0

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Appendix 7

Ref	Department	Description of Growth	Update	Actual Spend in 2017/18	Actual Spend in 2018/19	Actual Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
R8	Fire Stations	This is based on a 30 per cent increase in operational overtime at FRU and FRU/USAR Stations alongside overtime costs for Regulatory Fire Safety in relation to cladding inspections. For Fire Safety, the one off costs cover additional inspections in June and July 2017.	Complete	0	103,000	103,000	103,000	103,000
R9	Fire Safety	The ongoing costs are for an additional resources to support the inspection programme.	All posts have now been set up and recruitment is ongoing	0	224,590	950,000	1,500,000	1,500,000
R10	General Counsel	This review will consider whether additional support is required for the Chair/future Deputy Mayor for Fire and Rescue in order to increase resilience in the event of future major and/or protracted operational events. This review will take into account where any additional costs might fall – to the GLA or LFEPA/ future LFC. Additional 2 posts.	Complete	0	0	0	0	0
R11	Fire Stations	It is anticipated that the aftermath of recent incidents will see an increase in sickness rates for operational staff in particular. This sets out the overtime cost that will be expected to be incurred in covering the resulting gaps. Forecast impact to overtime spend at stations.	Complete	371,000	371,000	371,000	371,000	371,000

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Ref	Department	Description of Growth	Update	Actual Spend in 2017/18	Actual Spend in 2018/19	Actual Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
R12	Training & Professional Development	<p>This training is required to deliver items C1, C2, C3, R2 and smoke evacuation hoods. This includes additional training requirements for:</p> <ul style="list-style-type: none"> • Extended Height Appliances • Drone Piloting • Extended Duration Breathing Apparatus Sets • Improved USAR Kit. <u>February 2020 update</u>: ongoing funding (£437k) is used to support the overall training provision. This sum is the same in each year from 2019/20 onward and is needed. One off spend in 2019/20 has been amended to £2k (from £4k), due to lower than expected spend by OP&A on drone training. One off spend in 2020/21 has been amended from £51,612 to £52,000 due to rounding. This aligns those figures with the amounts contained in the Reserve. That leaves balance on the Reserve of £106k all of which relates to drone training. OP&A are not currently able to advise when further spend will be incurred. • Smoke Evacuation Hoods <p>This also includes ongoing EDBA training Requirements.</p>	Revised forecast for one off spend has been provided, and on-going costs are under review	0	7,000	441,000	488,612	437,000

Additional Resilience Requirements

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Ref	Department	Description of Growth	Update	Actual Spend in 2017/18	Actual Spend in 2018/19	Actual Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
R13 (new)	Finance Services	Items funded through the capital programme will increase the overall level of external borrowing required over the current four year planning period and increase capital financing costs by £842k per annum. This will increase the current projected budget gap and would remain an additional cost to LFEPA for the lifetime of the assets. The intention is to seek government funding for these items in order to avoid this. This forecast assumes this funding is not received.	Linked to EDBA - TBC	0	0	0	608,000	608,000
R14 (new)	Operational Policy	This will, in part, form part of the BARIE replacement programme led by IT. A wider BA replacement project will shortly be underway to examine the next generation of BA and how this can be delivered to the LFB. Whilst telemetry is being identified as a consideration any additional communications requirements over an above the BARIE sets can be included for consideration. Outline costs have yet to be determined.	TBC	0	0	TBC	TBC	TBC
R15 (new)	Operational Policy	This budget will be used to explore the viability of the purchase of smokehoods for all front line appliances and is for the equipment costs only and does not include any additional staffing costs that may be associated with getting this project up and running. This would be dependant on whether OP stop/starts or continues any current or other future work.	Complete	0	89,000	20,000	20,000	20,000

Additional Resilience Requirements

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Ref	Department	Description of Growth	Update	Actual Spend in 2017/18	Actual Spend in 2018/19	Actual Spend in 2019/20 £	Forecast Spend in 2020/21 £	Forecast Spend in 2021/22 £
Total additional resilience requirements				1,984,130	5,139,226	4,398,541	11,398,311	5,409,894

