



Report title

Financial Position as at the end of December 2017

Meeting

Resources Committee

Date

16 March 2018

Report by

Director of Finance and Contractual Services

Document Number

FEP 2826

Public

Summary

This report presents the financial position as at the end of December 2017 (quarter 3). It provides information on financial performance against revenue and capital budgets.

Recommendation

That:

1. The report be noted; and
2. The Committee agrees to settle the 2017/18 FRS pay claim on the basis of a pay increase of 1%, plus a non-consolidated one-off payment of £300 and a salary progression increase of 2.5%, as set out in paragraph 15.

Introduction

1. This report considers the financial position as at the end of December 2017, including a forecast of outturn at the financial year end.
2. All departments review their actual income and expenditure on a regular basis, and provide an updated forecast of outturn and explanation of variances, against all their budgets, to the Finance Department. These returns then form the basis of reporting to the Corporate Management Board and from there on to the Resources Committee and the Greater London Authority on a quarterly basis.

Background to 2017/18 Budget

3. The 2017/18 budget was approved by the Authority at its meeting on 30 March 2017 (FEP 2708). The Authority's net revenue budget is £390,708k, with a net payment of £4,062k into earmarked reserves, £12,342k funding from specific grants and savings of £7,665k.
4. This report sets out a summary position on both the revenue and capital budgets, and then provides more detailed explanations of variances.

Revenue

5. The forecast outturn position for 2017/18 on the revenue budget is an underspend of £4,730k (1.2%). This is largely due to variances previously reported to the Resources Committee in November (FEP 2792). At the end of Quarter 2, the forecast outturn variance reported was £5,285k which included £4,703k on operational staff budgets based on the expected operational staff numbers given forecasts for recruitment and leavers and a one-off budget of £830k that was created in 2017/18 to fund costs involved in offering inoculations to staff. This one off budget was based on co-responding being rolled out across the Brigade. It is now no longer forecast to be spent in this financial year and will be transferred to an earmarked reserve to cover the planned spend in 2018/19.
6. The forecast underspend of £4,730k has reduced by £555k since last reported to the Resources Committee in November (FEP 2792). The decrease in the forecast underspend includes the impact of increases in overtime costs (£542k) as a result of the high number of vacancies, and additional spend on operational equipment and other supplies and services (£776k). There is also an overspend (£231k) on compensation budgets due to a number of large value personal injury cases. There has been additional spend on premises budgets (£1,075k) following the decision to progress a backlog of works aimed at improving the overall condition of the whole estate including repairs, refurbishment and minor improvements to properties, and (£130k) on rent due to the short term renewal of the lease for the existing Brigade Distribution Centre lease following the update to the previous meeting of this Committee on the Integrated Equipment & Logistics Project (FEP2812).
7. The above overspends are offset by an additional underspend on property rates (£2,017k) due to a successful appeal that was lodged by the Estates Management consultant for the 2010 valuations. This had previously been included as a saving in 2018/19 but has now been achieved earlier than expected. There is also a £700k underspend on FRS staff due to vacancies.
8. The key variances are discussed in more detail from paragraph 12 below.

Capital

9. The approved capital programme for 2017/18 is £29,146k and the forecast capital spend is £20,334k, an underspend of £8,802k less than the approved capital budget. The forecast capital spend has increased by £2,349k since last reported to the Resources Committee in November (FEP 2792) due to payments being brought forward from 2018/19 for the stage payments in association with the purchase of the replacement pump appliances.

10. The key variances are discussed in more detail from paragraph 34 below.

Tables and Appendices to this report

11. A summary of the financial position for the revenue budget is provided in Table 1. The latest position on reserves is set out in Table 2. Appendix 1 contains additional detail on the current and forecast financial position. Appendix 2 reports on the forecast outturn on the capital programme. Appendix 3 discusses the risks to the revenue and capital position that have not been quantified. Appendix 4 meets the requirement to disclose all budget virements within the quarter under financial regulation 9 and Appendix 5 provides an analysis of outstanding debt relating to charges for Shut in Lift attendances.

Table 1. Summary Financial Position

	Current Budget	Current Spend	Current Variance	Revised Budget	Forecast Outturn	Forecast Outturn Variance	Previous Forecast Outturn Variance	Movement between variance figures
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Operational staff	174,954	170,678	(4,276)	236,033	231,872	(4,161)	(4,703)	542
Other staff	38,262	38,548	285	52,628	52,268	(360)	150	(510)
Employee related	24,129	21,597	(2,532)	26,365	25,859	(506)	(828)	321
Pensions	15,459	13,828	(1,631)	20,489	20,573	84	(210)	294
Premises	32,479	31,366	(1,113)	36,898	37,223	325	849	(523)
Transport	14,696	14,595	(101)	15,276	15,132	(143)	(91)	(53)
Supplies and services	24,649	26,811	2,162	28,457	28,732	275	(500)	776
Third party payments	1,970	1,906	(63)	2,651	2,930	279	186	93
Capital financing costs	1,824	1,474	(351)	9,508	9,508	0	0	0
Central contingency against inflation	0	0	0	271	271	0	0	0
Total revenue expenditure	328,422	320,802	(7,620)	428,576	424,369	(4,207)	(5,147)	940
Other income	(32,900)	(33,082)	(182)	(35,545)	(35,957)	(412)	(124)	(288)
Net revenue expenditure	295,522	287,719	(7,802)	393,031	388,412	(4,619)	(5,271)	652
Use of earmarked reserves	0	0	0	3,526	3,526	(0)	(0)	0
Financing Requirement	295,522	287,719	(7,802)	396,557	391,938	(4,619)	(5,271)	652
Financed by:								
Specific grants	(11,528)	(12,832)	(1,304)	(14,129)	(14,240)	(111)	(14)	(97)
GLA funding	0	0	0	(382,428)	(382,428)	0	0	0
Net Position	283,994	274,887	(9,106)	0	(4,730)	(4,730)	(5,285)	555

Reasons for the Revenue Position

Staff

12. The budget for operational staff is forecast to underspend by £4,161k, a decrease in the underspend of £542k from the position reported at Quarter 2. This is due to an increase in overtime costs due to the high number of vacancies. As previously reported, the forecast underspend also includes a pressure of £1,500k based on a pay award of 2% for operational staff. In December, the national Fire Brigades Union (FBU) ballot agreed to uplift salaries by 1% backdated to July 2017. The forecast 2% increase is still considered prudent whilst discussions around pay and the broadening of the role continues. The remainder of the underspend is due to the number of vacancies.
13. FRS staff budgets are now forecast to underspend by £510k, 1.1% of the total FRS staff budget. At the end of December, there are 127 vacancies and 77 agency staff. The forecast underspend is now being reported because recruitment to a number of key roles has taken longer than anticipated. The forecast also includes the one-off impact (£310k) of the proposed pay award as set out in the section below.
14. As previously reported, control staff budgets are forecast to overspend by £150k. Overtime levels have remained high but they are now reducing following the appointment of additional staff. Once the new staff are fully trained it is expected that overtime costs will continue to reduce.

2017/18 FRS Pay Settlement

15. Following several months of negotiations between the FRS trade unions and officers, the trade unions have advised they will agree a pay settlement of 1% (backdated to 1 April 2017), plus a non-consolidated one-off payment of £300 for all eligible FRS staff, and for the Salary Progression Increase (SPI) to be 2.5% (backdated to 1 July 2017).
16. This improved pay offer followed the trade union's rejection of the initial offer of a 1% pay rise, and 2.5% for the SPI, which was in line with the original budgetary provision. The pay settlement was then discussed at a meeting of the LFEP Joint Council on 12 January 2018, at which an additional one-off payment of £300 was offered for FRSB and FRSC staff. This was also subsequently rejected by the trade unions, leading to the improved offer under which all FRS staff would receive the non-consolidated one-off payment of £300 (pro-rata-ed by hours and time served during the year) in addition to the 1% pay increase and 2.5% for the SPI, and this has now been agreed by the trade unions.
17. This settlement has been costed as adding a one-off budgetary pressure of £310k in 2017/18, which can be contained within the forecast underspend for FRS staff this year. Given that this will not have an ongoing budgetary impact, it is recommended that the Committee agree this pay settlement.

Employee Related

18. Employee related budgets are forecast to underspend by £506k. This has reduced by £321k from the position reported at Quarter 2 largely due to the inclusion of a forecast overspend of £231k on compensation budgets due to a number of large value personal injury cases. As previously reported, the forecast includes an overspend on the training contract (£150k) based on the current level of spend and expected number of training courses that will be run in 2017/18, offset by a forecast underspend on the apprenticeship levy (£50k). The remainder of the underspend is due to a forecast underspend on the inoculations budget within the medical and welfare expenses budget now transferred to an EMR reserve to cover the planned spend in future years.

Firefighter Injury and Ill Health Pensions

19. Firefighter pensions budgets are forecast to overspend by £84k in 2017/18, an increase in forecast spend of £294k from the underspend position reported at Quarter 2. This increase is due to a higher number of ill health retirements than budgeted and lower levels of leavers from the injury pension scheme than expected at Quarter 2.

Premises

20. Premises budgets are forecast to overspend by £325k, a decrease of £523k from the previously reported overspend. The decrease in spend from the previous forecast includes a reduction on property rates of £2,017k. A saving had been included in the 2018/19 Budget based on an appeal lodged by the Estates Management consultant for the 2010 valuations of £500k. This additional underspend is due to this saving being achieved earlier than expected, and with a much higher value. This is offset by an increase in the forecast spend on building maintenance budgets of £1,075k following the decision to progress a backlog of works aimed at improving the overall condition of the whole estate including repairs, refurbishment and minor improvements to properties. This is in addition to a £650k overspend that was included in the Quarter 2 report.
21. There are also additional overspends on rent (£181k) due to the short term renewal of the lease for the existing Brigade Distribution Centre as set out in the report on the Integrated Equipment & Logistics Project (FEP 2812), fixtures and fittings to replace dilapidated gym equipment at fire stations (£101k) and premises security as rental income from letting space at the Rear Block at Albert Embankment is unlikely to cover the costs of security (£97k). The forecast also includes previously reported overspends on the cost of security at three sites that were expected to be sold in 2017/18 (£113k) and a forecast overspend on option appraisal fees for major capital projects (£70k).

Transport

22. Transport budgets are forecast to underspend by £143k, a reduction in spend of £53k from the position reported at Quarter 2. This is largely due to a reduction in the forecast charges for lease cars. The previously reported position includes forecast underspends of £151k on vehicle passthroughs due to spend for the ultra low emission zone that has been reallocated to the 2018/19 financial year, on transport budgets and fuel costs at Fire Stations of £65k and £37k respectively and abatements on the vehicle and equipment contract of £91k. These underspends are offset by a forecast overspend on insurance budgets of £284k following changes to the discount rates within personal injury markets and a higher forecast cost of insurance claims.

Supplies and Services

23. There is a forecast overspend of £275k on supplies and services budgets. This includes an increase in spend of £776k since last reported. The movement is due to additional spend on operational equipment budgets due to spend on new firefighter technology (£203k), the cost of replacement equipment for the Grenfell incident (£121k), higher levels of repair and maintenance for breathing apparatus (£87k), and on hardware and software due to additional spend on equipment at the London Operations Centre (£90k). There is also additional spend on the LFB website (£57k), on professional services budgets due to an increase in forecast legal costs (£63k), on first aid training costs being paid to the Emergency Fire Crew contractor (£56k) and a reduction in the forecast underspend on operational staff clothing budgets based on the current spend to date (£92k).
24. These variances are in addition to the previously reported underspend on hydrants maintenance (£187k), the control and mobilising contract (£180k) and hardware and software budgets (£184k), offset by a forecast overspend on legal professional fees (£135k).

Third Party Payments

25. There is a forecast overspend on third party payments of £279k. This has increased by £124k from the position reported at Quarter 2 due to an increase in the spend on the provision of Mutual Assistance from neighbouring brigades.

Income

26. There is a forecast over recovery of £412k on income. This is an increase in the amount of income forecast to be received of £288k since last reported in Quarter 2. This includes additional income of £185k in respect of the Metropolitan Fire Brigade (MFB) Act. This is in addition to the over recovery forecast reported in September (FEP2792) at Quarter 2. The remainder of the movement from the forecast at Quarter 2 is due to additional telecom rental income following a review of leases in 2017/18.
27. These variances are in addition to the previously reported reduction in forecast interest receipts (£195k), a forecast reduction in the amount of community safety contributions that will be applied in this financial year with any income received being carried forward to support activities in future years (£175k), a reduction in the number of charges raised to attend shut in lift incidents due to a reduction in call outs (£78k) and a reduction in costs recovered from LFB enterprises because of the resignation of a full time member of staff (£70k). The remainder of the forecast over recovery is due to expected increased income from the GLA for additional space at Union Street (£262k).

2018/19 Budget Update

28. The January Budget Update report (FEP2809 and 2809A) set out a balanced budget for 2018/19 and a total budget gap of £12.0m over the next four years. The 2018/19 Budget Report (FEPXXXX), which is also on today's agenda provides an update to that position with detailed proposals for a balanced budget in 2018/19.

Position on Reserves

29. The forecast position on reserves is set out in Table 2 below. Following a review of reserves as part of the budget process, the Property PFI reserve has now been closed and transferred to the general reserve. This leaves a balance on the general reserve at the year end of £15,120k, this is £1,364k above the stated minimum level of £13,756k which is 3.5% of the net revenue expenditure budget.
30. The Budget Flexibility reserve was set up in the 2017/18 Budget (FEP2708) report with funds of £6.2m, to help mitigate the budget deficit anticipated over the next four years. This reserve also includes the approved transfer of an additional £5.3m from the general reserve to the Budget Flexibility reserve (FEP 2792).

Table 2. LFEPA Reserves for the 2017/18 Financial Year

£000s	Opening Balance at 01/04/17	Approved Movements	Underspend/ (Overspend) in 2017/18	Use of Reserves in 2017/18	New Payments/ Transfers	Anticipated Balance at 31/03/18
Additional Resilience Requirements	0	6,757		(2,396)		4,361
Community Safety Investment Fund	602			(602)		0
Compensation	1,000					1,000
Emergency Services Mobile Communication Programme	356			(200)		155
Emergency Medical Response	0	830				830
Firefighters' Pension	1,172					1,172
Fire Safety and Youth Engagement	338			(20)		318
Hazardous Material Protection	203			(203)		0
Hydrants	462					462
ICT Development Reserve	668			642		1,310
London Resilience	1,281			834		2,115
LSP2017 Implementation	5,000			(439)		4,561
New Governance Arrangements	100	200				300
Pension Early Release Costs	400					400
Property PFI	1,912				(1,912)	0
Recruitment/ Outreach	600			(250)		350
Review of Property Services	85	(85)				0
Sustainability	235					235
Vehicle & Equipment Reserve	1,163					1,163
Budget Flexibility	0	5,309		6,160		11,469
General	21,489	(13,011)	4,730		1,912	15,120
Total	37,065	0	4,730	3,526	0	45,321

31. The reserves table above includes the establishment of an Additional Resilience reserve to meet forecast costs in 2017/18 arising from an initial assessment of the LFB resources requirement following recent events (FEP 2763). The reserve has been funded by a transfer from the general reserve of £6,757k. This report includes a use of £870k for funding of the investigation team, £848k for legal costs, £371k to fund additional overtime costs, £239k to fund an increase in officer levels and £70k to fund the cost of staff counsellors in this financial year. The above table also includes the establishment of a reserve for Emergency Medical Response of £830k to fund the potential cost of staff inoculations in 2018/19 and an additional payment into the New Governance Arrangements reserve to meet the costs associated with the abolition of the Authority expected to happen at the end of March 2018, as reported previously.
32. This report also includes payments of £834k into the London resilience reserve from underspends on the Mass Casualty Response, Flood Response and Smoke Filled Environment projects and £850k into the ICT Development reserve from the underspend on the National Operational Guidance Integration programme to allow for the funds to be accessed by these projects in future years.

33. Other drawings from earmarked reserves in 2017/18 include:

- £602k for the Community Safety Investment Fund,
- £439k for implementation of LSP2017,
- £250k to fund the recruitment and outreach team,
- £208k to fund ICT developments,
- £203k from the hazmat reserve to fund new gas tight suits,
- £200k to fund fire safety and youth engagement work,
- £200k to fund the Emergency Services Mobile Communication Programme, and
- £20k to fund Fire Safety and Youth Engagement works.

Capital

34. The capital programme for 2017/18 was agreed by the Resources Committee in July 2017 (FEP2750) with a budget of £29,146k. The forecast capital spend for 2017/18 is £20,344k, which is £8,802k less than the capital budget. The last reported forecast was £17,995k (FEP2792), an increase in spend of £2,349k due to the following:

Budget new requirements - £177k

- Fleet equipment - £74k
- Replacement Laptops £103k

Budget re-phasing from 2018/19 - £3,617k

- (Fleet) Pump Appliances Replacement Programme - £3,522k
- New Training Centre - £95k

Budget re-phasing to 2018/19 - (£1,208k)

- Fleet Light Vehicles Replacement - (£547k)
- Appliance Bay Doors (Shoreditch & Wimbledon FS - (£275k)
- Minor works – Eltham FS Shower Refurbishment – (£108k)
- Minor works – Fulham FS Yard Gates – (£60k)
- Fire Safety Works – (£47k)
- ICT - Mobile Data Terminals - (£71k)
- ICT – CAMS (£100k)

Budget Savings – (£237k)

- Estates – Development Costs – (£77k)
- Mobile Data Terminals - (£160k)
- Wireless LAN Controllers (£78k)
- Adjustment to ICT over programming £78k

35. Fleet equipment - the budget requirement for 2017/18 has increased by £74k following the review of the equipment replacement programme. The previous estimated budget for 2018/19 of £1,000k will increase by £1,139k to an estimated £2,139k. This is mainly due to replacement of the equipment for Fire Rescue Units (FRUs) needing to coincide with the design phase of the FRU vehicle replacement project. The funding has been brought forward to allow this to happen.

36. Replacement Laptops – A budget of £450k was approved in July 2015 (FEP2462) to replace the laptops across LFB. The scheme has been rolled out in stages and the current forecast spend is £403k. This is an increase of £103k against the previous forecast spend. The current phase covers laptops for Disability Discrimination Act (DDA) users, and laptops resulting from initiatives to have

access to systems when away from the office for senior operational staff, particularly ACs, DACs and Group Managers.

37. The stage payments for the 2nd batch of pumping appliances have been re-phased following changes in the programme rollout. This has resulted in £3,522k being brought forward from 2018/19 as it is now projected that the 1st stage of the 2nd batch of appliances will be completed by 31st March 2018. The budgets for 2018/19 and 2019/20 have also been adjusted for the new revised timetable.
38. The budget for the new training centre has been re-phased in light of the timings in the current programme. This has resulted in £95k being brought forward from 2018/19 to cover the design fees for the new facility.
39. The light vehicle work-streams have all slipped and are now forecast to be delivered early in 2018/19 instead of 2017/18 as previously planned. There are a combination of reasons for the slippage involving LFB changes in user requirements and extended supplier lead times due to the demand for ultra low emission vehicles. This has resulted in £547k being deferred to 2018/19.
40. Appliance Bay Door Replacements - A delay in obtaining local authority planning permission for Shoreditch FS has affected the project programme. Although planning permission has now been approved (4th December 2017), the lengthy lead time for the manufacture of the doors has meant it will not be possible to deliver and install the new bay doors at Shoreditch by the end of this financial year. £217k has therefore been deferred to 2018/19. At Wimbledon FS, the contractor has now indicated that delivery of the doors to the site is anticipated at the end of March, with installation to be completed early in the new financial year. Accordingly, £58k has been deferred to 2018/19.
41. Minor works (Eltham FS Shower refurbishment) - A number of design/engineering queries have been raised which need to be addressed following the issue of the draft tender documentation by the consultant. This has impacted on the project programme and delayed the estimated commencement of works into 2018/19. £108k has been deferred to 2018/19 for this project.
42. Minor works (Fulham FS Automated gates and fire safety works) – Delays in obtaining planning consent required due to the building being listed, have resulted in a delay in commencing the heating replacement project at this site. In order to minimise additional disruption at the site, the works to replace the automated gates (£60k) and the fire safety works (£47k) have been deferred to 2018/19.
43. Mobile Data Terminals (MDT's) – A budget of £2,100k for the replacement of MDT's was approved in September 2014 (FEP2314). As previously reported in September (FEP2792), 130 of the units purchased were stolen. An insurance claim has been submitted for these items. The project has now re-started and the roll out of the new MDT terminals (an upgraded version) is planned to complete by August 2018. £71k is being carried forward to 2018/19 to cover vehicle installations. In addition, the final project cost of the project is now £2,100k, a reduction of £160k against the previous forecast. This amendment is as a result of the accounting adjustments required for the stolen equipment.
44. Control and Mobilising Systems (CAMS) – the additional developments planned to be undertaken during 2017/18 have now been deferred to 2018/19, whilst the current issues with the system are resolved. £100k has been deferred to 2018/19.
45. Wireless LAN Controllers - the initial cost estimates have been revised to £120k following the successful tendering of this project. The original budget was £198k calculated using published list

prices. The tender process has resulted in a 40% discount being achieved, a saving of £78k which has been offset against the ICT over programming provision.

46. The development budget is a 'revolving fund' of £250k which is used for feasibility studies for potential future works. Costs have been charged to the relevant capital project budgets and abortive costs are recharged to the revenue budget for projects which have not resulted in capital works being undertaken. It is now projected that there will be an underspend of £77k for this generic budget in 2017/18.

Future Years

47. Capital funding of £3,450k was approved for the PG/BDC Development project in July 2017 (FEP2757). The project is now progressing with an identified site. The project budget has increased due to a greater level of required mechanical and electrical services (such as plant and equipment for heating, ventilation, electrical supply, and specialist gas and air systems) than previously anticipated. In addition, the proposed site requires greater external works than previously anticipated, as it has two yards requiring two new vehicle gates. The capital requirement is now £4,000k an increase of £550k, as approved at the Resources Committee meeting in January 2018 (FEP2812).
48. At its last meeting in January (FEP 2813) the Resources Committee approved funding to procure a combination of standard range and extended range aerial appliances giving a total of 15 aerial appliances estimated at a total capital cost not exceeding £14,800k.
49. The cost of the Physical Servers Environment project is £300k against the original budget estimate of £500k. The original budget estimate was based on a like for like basis using the existing storage solution as a baseline for the assessment. Advances in virtual server technology have changed the way in which data is stored and as such whilst the base requirement to have storage in our data centre continues, changes in technology as resulted in the same storage capacity with enhanced capabilities being provided at a lower overall cost. Accordingly, there is a saving of £200k to the 2018/19 budget.
50. The table in appendix 2 below shows a summary of the movements since last reported in September (FEP2792) and the impact on the capital budget in future years.

Debtors

51. An analysis of debtors relating to Shut in Lift is provided in Appendix 5. This includes a chart that shows the continued decrease in the amount of Shut in Lift debts outstanding over the past 18 months, with £132k outstanding at the end of December 2017. The continued joint effort by Authority staff has resulted in the positive progress made to date on shut in lift debts recovery.

Head of Legal and Democratic Services comments

52. The Head of Legal and Democratic Services has reviewed this report and has no comments.

Director of Finance and Contractual Services comments

53. This report is presented by the Director of Finance and Contractual Services and there are no further comments.

Sustainable Development Implications

54. This report has no sustainability implications.

Staff Side Consultations Undertaken

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

Equalities Implications

56. This report has no equality implications.

List of Appendices to this report:

1. Financial Position, 2017/18 Forecast Outturn
2. Capital Programme 2017/18
3. Risks to the Revenue and Capital Position
4. Financial Regulation 9: Budget Virements
5. Outstanding LIFT debtors

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
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List of background documents

- | |
|---|
| <ol style="list-style-type: none">1. FEP2708 2017/18 Budget2. FEP2750 Review of Financial Outturn for 2016/173. FEP2772 Financial Position as at the end of June 20174. FEP2792 Financial Position as at the end of September 2017 |
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Proper officer	Director of Finance and Contractual Services
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Contact officer	Adrian Bloomfield
Telephone	020 8555 1200 x31351
Email	Adrian.Bloomfield@london-fire.gov.uk

Financial Position, 2017/18 Forecast Outturn

Appendix 1

	Current Budget	Current Spend	Current Variance		Original Budget	Revised Budget	Forecast Outturn	Forecast Outturn Variance		Previous Forecast Outturn Variance (Q2)	Movement between variance figures
	£	£	£	%	£	£	£	£	%	£	£
Operational Staff	174,292,842	169,881,432	(4,411,410)	(2.5%)	233,410,405	234,796,970	230,636,432	(4,160,538)	(1.8%)	(4,702,969)	542,431
Trainee Firefighters	661,290	796,601	135,311	20.5%	1,235,886	1,235,884	1,235,884	0	0.0%	0	0
Total Operational Staff	174,954,132	170,678,033	(4,276,099)	(2.4%)	234,646,291	236,032,854	231,872,316	(4,160,538)	(1.8%)	(4,702,969)	542,431
FRS Staff	34,316,580	34,496,265	179,686	0.5%	45,520,950	47,318,737	46,808,843	(509,894)	(1.1%)	0	(509,894)
Control Staff	3,945,892	4,051,684	105,793	2.7%	5,442,449	5,309,096	5,459,193	150,097	2.8%	150,097	0
Total Other Staff	38,262,471	38,547,950	285,478	0.7%	50,963,400	52,627,833	52,268,036	(359,797)	(0.7%)	150,097	(509,894)
Other Pension Payments	660,000	656,359	(3,641)	(0.6%)	990,000	990,000	990,000	0	0.0%	0	0
Severance	0	47,246	47,246	0.0%	0	33,681	47,246	13,566	40.3%	13,565	0
Professional Development	21,368,764	19,082,067	(2,286,698)	(10.7%)	20,911,224	21,988,267	22,096,667	108,400	0.5%	98,361	10,039
Recruitment	214,981	223,570	8,589	4.0%	162,100	267,100	253,503	(13,597)	(5.1%)	(33,478)	19,881
Employee Related Insurance	190,000	205,165	15,165	8.0%	190,000	190,000	205,165	15,165	8.0%	0	15,165
Compensation	416,860	200,925	(215,935)	(51.8%)	555,813	555,813	786,349	230,535	41.5%	0	230,535
Medical and Welfare Expenses	1,439,289	1,326,423	(112,866)	(7.8%)	2,782,076	2,713,071	1,852,600	(860,471)	(31.7%)	(898,501)	38,030
Employee Capitalised Costs	(161,274)	(144,782)	16,491	(10.2%)	(245,400)	(372,500)	(372,500)	(0)	0.0%	(7,712)	7,711
Total Employee Related	24,128,620	21,596,973	(2,531,647)	(10.5%)	25,345,813	26,365,432	25,859,030	(506,402)	(1.9%)	(827,764)	321,362
Firefighter Pension Scheme	15,459,250	13,828,155	(1,631,095)	(10.6%)	20,489,000	20,489,000	20,573,009	84,009	0.4%	(210,000)	294,009
Building Maintenance	6,363,530	7,436,201	1,072,671	16.9%	7,241,163	6,813,688	8,538,928	1,725,240	25.3%	650,000	1,075,240
Grounds Maintenance	88,948	57,157	(31,792)	(35.7%)	118,382	146,396	146,396	0	0.0%	0	0
Premises Security	425,752	596,328	170,576	40.1%	397,752	425,752	635,752	210,000	49.3%	113,000	97,000
Energy Costs	1,307,722	1,295,971	(11,751)	(0.9%)	2,031,205	2,031,205	2,091,205	60,000	3.0%	0	60,000
Rents	7,684,599	5,943,352	(1,741,246)	(22.7%)	7,801,412	7,903,952	8,085,278	181,326	2.3%	51,684	129,642
Property PFI Contract	5,545,202	5,541,577	(3,625)	(0.1%)	5,545,202	5,545,202	5,485,202	(60,000)	(1.1%)	(60,000)	0

Financial Position, 2017/18 Forecast Outturn

Appendix 1

	Current Budget	Current Spend	Current Variance		Original Budget	Revised Budget	Forecast Outturn	Forecast Outturn Variance		Previous Forecast Outturn Variance (Q2)	Movement between variance figures
Property Rates	7,177,817	6,690,660	(487,157)	(6.8%)	9,291,368	9,291,368	7,274,368	(2,017,000)	(21.7%)	0	(2,017,000)
Water & Sewerage Rates	175,579	200,268	24,689	14.1%	255,515	255,515	295,515	40,000	15.7%	0	40,000
Fixtures & Fittings	65,648	178,282	112,634	171.6%	332,861	97,969	198,537	100,568	102.7%	0	100,568
Cleaning and Domestic Supplies	1,354,299	1,079,940	(274,359)	(20.3%)	2,032,753	2,020,097	2,020,347	250	0.0%	0	250
Premises Insurance	290,000	304,281	14,281	4.9%	372,000	372,000	340,000	(32,000)	(8.6%)	0	(32,000)
Other Property Services	1,999,596	2,041,550	41,954	2.1%	1,526,726	1,994,524	2,111,524	117,000	5.9%	94,000	23,000
Total Premises	32,478,693	31,365,567	(1,113,126)	(3.4%)	36,946,338	36,897,667	37,223,051	325,384	0.9%	848,684	(523,300)
Running Costs	1,679,519	1,790,657	111,138	6.6%	2,092,597	1,717,474	1,946,717	229,243	13.3%	229,839	(596)
Vehicle and Equipment Contract	10,783,624	10,716,116	(67,509)	(0.6%)	10,783,624	10,783,624	10,692,744	(90,880)	(0.8%)	(90,880)	0
Vehicle Passthroughs	395,835	311,867	(83,968)	(21.2%)	645,172	605,465	453,804	(151,661)	(25.0%)	(151,661)	0
Maintenance and Repairs	0	0	0	0.0%	905,000	0	0	0	0.0%	0	0
Contract Hire & Operating Leases	1,140,509	1,065,403	(75,106)	(6.6%)	1,189,900	1,228,300	1,139,602	(88,698)	(7.2%)	(29,358)	(59,340)
Travel	696,144	710,504	14,360	2.1%	1,122,627	941,046	899,622	(41,424)	(4.4%)	(48,746)	7,322
Total Transport	14,695,632	14,594,546	(101,086)	(0.7%)	16,738,920	15,275,909	15,132,489	(143,420)	(0.9%)	(90,806)	(52,614)
Hydrants	570,824	581,534	10,710	1.9%	600,900	581,492	400,037	(181,455)	(31.2%)	(187,444)	5,989
Operational Equipment	1,879,831	1,346,157	(533,674)	(28.4%)	2,123,414	1,747,382	2,124,716	377,334	21.6%	(15,753)	393,087
Smoke Alarms	595,000	673,267	78,267	13.2%	700,000	700,000	711,418	11,418	1.6%	0	11,418
Equipment Furniture and Materials	192,319	287,044	94,726	49.3%	534,188	273,658	290,852	17,194	6.3%	(2,120)	19,314
Lost & NFWT Operational Equipment	100,082	85,679	(14,403)	(14.4%)	107,387	107,387	107,390	3	0.0%	0	3
Catering	245,537	243,555	(1,982)	(0.8%)	120,104	312,259	282,417	(29,842)	(9.6%)	(10,853)	(18,989)
Clothing & Laundry	2,591,951	2,963,649	371,699	14.3%	2,790,337	2,795,935	2,775,465	(20,470)	(0.7%)	(112,913)	92,443
General Office Expenses	548,919	576,066	27,147	4.9%	378,869	720,790	795,424	74,634	10.4%	54,338	20,296
Professional Services	8,400,998	8,566,731	165,733	2.0%	8,550,475	9,160,786	9,187,711	26,925	0.3%	(95,538)	122,463
Postal Services	55,487	58,805	3,317	6.0%	61,255	61,255	61,215	(40)	(0.1%)	0	(40)

Financial Position, 2017/18 Forecast Outturn

Appendix 1

	Current Budget	Current Spend	Current Variance		Original Budget	Revised Budget	Forecast Outturn	Forecast Outturn Variance		Previous Forecast Outturn Variance (Q2)	Movement between variance figures
Communications	3,603,585	2,848,302	(755,283)	(21.0%)	3,567,294	3,800,345	3,814,387	14,042	0.4%	16,115	(2,073)
Hardware and Software	5,051,576	7,787,102	2,735,526	54.2%	6,121,843	7,188,305	7,169,054	(19,251)	(0.3%)	(183,583)	164,332
Staff Reimbursements	239,504	257,511	18,007	7.5%	450,565	316,205	345,620	29,415	9.3%	33,261	(3,846)
Grants and Subscriptions	222,490	137,474	(85,017)	(38.2%)	225,724	235,313	237,133	1,820	0.8%	(1,978)	3,798
Other Insurance	225,000	186,614	(38,386)	(17.1%)	225,000	225,000	185,667	(39,333)	(17.5%)	0	(39,333)
Advertising	73,693	160,312	86,619	117.5%	112,450	161,282	170,629	9,347	5.8%	4,205	5,142
Other Supplies and Services	52,482	51,045	(1,437)	(2.7%)	212,476	69,737	73,154	3,417	4.9%	1,834	1,583
Total Supplies and Services	24,649,278	26,810,847	2,161,569	8.8%	26,882,280	28,457,130	28,732,289	275,160	1.0%	(500,429)	775,588
Other Agencies	688,047	551,717	(136,330)	(19.8%)	315,700	917,396	886,696	(30,700)	(3.3%)	0	(30,700)
Other Local Authorities	1,195,800	1,276,117	80,317	6.7%	1,325,102	1,644,838	1,954,395	309,557	18.8%	186,000	123,557
Audit & Bank Charges	85,750	78,330	(7,420)	(8.7%)	88,600	88,600	88,600	0	0.0%	0	0
Total Third Party Payments	1,969,597	1,906,165	(63,432)	(3.2%)	1,729,402	2,650,834	2,929,691	278,857	10.5%	186,000	92,857
Debt Repayment	0	0	0	0.0%	5,882,000	5,882,000	5,882,000	0	0.0%	0	0
External Interest	1,824,164	1,473,539	(350,625)	(19.2%)	3,626,000	3,626,000	3,626,000	0	0.0%	0	0
Total Capital Financing Costs	1,824,164	1,473,539	(350,625)	(19.2%)	9,508,000	9,508,000	9,508,000	0	0.0%	0	0
Central Contingency	0	0	0	0.0%	2,198,900	270,910	270,911	2	0.0%	0	2
Total revenue expenditure	328,421,838	320,801,775	(7,620,063)	(2.3%)	425,448,344	428,575,569	424,368,823	(4,206,746)	(1.0%)	(5,147,187)	940,442
MFB Act Income	(25,595,000)	(26,355,822)	(760,822)	3.0%	(25,595,000)	(25,595,000)	(26,384,899)	(789,899)	3.1%	(605,000)	(184,899)
Customer and Client Receipts	(7,025,194)	(6,493,547)	531,647	(7.6%)	(8,381,538)	(9,354,774)	(9,172,303)	182,471	(2.0%)	285,802	(103,331)
Interest Receivable	(280,000)	(230,574)	49,426	(17.7%)	(595,000)	(595,000)	(400,000)	195,000	(32.8%)	195,000	0
Bad Debts	0	(2,441)	(2,441)	0.0%	0	0	0	0	0.0%	0	0
Total Other Income	(32,900,194)	(33,082,383)	(182,189)	0.6%	(34,571,538)	(35,544,774)	(35,957,202)	(412,428)	1.2%	(124,198)	(288,230)
Net revenue expenditure	295,521,644	287,719,392	(7,802,252)	(2.6%)	390,876,806	393,030,794	388,411,621	(4,619,174)	(1.2%)	(5,271,385)	652,212

Financial Position, 2017/18 Forecast Outturn

Appendix 1

	Current Budget	Current Spend	Current Variance		Original Budget	Revised Budget	Forecast Outturn	Forecast Outturn Variance		Previous Forecast Outturn Variance (Q2)	Movement between variance figures
			2))	
Use of Earmarked Reserves	0	0	0	0.0%	3,748,957	3,526,028	3,526,028	(0)	(0.0%)	(0)	0
Financing Requirement	295,521,644	287,719,392	(7,802,252)	(2.6%)	394,625,763	396,556,823	391,937,649	(4,619,174)	(1.2%)	(5,271,385)	652,212
Financed by:											
Specific grants	(11,527,849)	(12,831,926)	(1,304,077)	11.3%	(12,225,763)	(14,128,887)	(14,239,604)	(110,717)	0.8%	(13,575)	(97,143)
GLA Grant	0	0	0	0.0%	(382,400,000)	(382,427,936)	(382,427,936)	0	0.0%	0	0
Net Financial Position	283,993,794	274,887,465	(9,106,329)	(3.2%)	0	0	(4,729,891)	(4,729,891)	0.0%	(5,284,960)	555,069

2017/18 CAPITAL PROGRAMME

APPENDIX 2

The table below shows a summary of the movements since the quarter two budget report (FEP2792) and the impact on the capital budget in future years.

Budget Year	2017-18	2018-19	2019-20	2020-21	2021-22	Notes
Qtr 2 FEP 2792 Resources Com	17,995	41,674	41,232	22,530	21,410	
New Training Centre	95	(486)	(141)	532		Budget re-phasing
Fire Safety Works	(47)	47				Budget re-phasing
Appliance Bay Doors – Shoreditch FS	(217)	217				Budget re-phasing
Appliance Bay Doors – Wimbledon FS	(58)	58				Budget re-phasing
Fulham FS Automated Yard Gates	(60)	60				Budget re-phasing
Eltham FS – Shower Refurbishment	(108)	108				Budget re-phasing
Development Costs	(77)					Budget saving
Replacement of Laptops	103					New requirements
ICT - CAMS	(100)	100				Budget re-phasing
ICT - Mobile Data Terminals	(71)	71				Budget re-phasing
ICT - Mobile Data Terminals	(160)					Budget saving
ICT - Wireless LAN Controllers	(78)					Budget saving
ICT - Physical Server Environment		(200)				Budget saving
ICT Over-programming adjustment	78	200				Re LAN & Physical Servers
Replacement Programme Equip	74	1,139				New requirements
Replacement Programme Fleet				(1,680)	1,680	Budget re-phasing
Fleet - Pumping Appliances	3,522	(4,987)	1,465			Budget re-phasing
Fleet – Light Vehicles Replacement	(547)	547				Budget re-phasing
Fleet – Aerial Appliances			4,450			Budget Increase FEP2813
IELP – PEG/BDC Development		550				Budget increase FEP2812
Capital Programme Qtr 3 2017	20,344	39,098	47,006	21,382	23,090	
Change	2,349	(2,576)	5,774	(1,148)	1,680	

	2017-18 Capital Budget July 2017	Current Forecast 2017/18 Qtr 3	Variance	Last reported position 2017/18 Qtr 2 FEP2792	Variance	Notes
APPENDIX 1 – 2017/18 CAPITAL PROGRAMME						
ICT Projects	£'000s	£'000s	£'000s	£'000s	£'000s	
Upgrade Operating System	98	0	(98)	0	0	To 2018/19
Business Intelligent Solution	900	250	(650)	250	0	To later years
Control & Mobilisation System (CAMS)	470	0	(470)	100	(100)	To 2018/19
Mobile Data Terminals Replacement	288	57	(231)	288	(231)	£71k to 2018/19
Home Fire Safety Database	130	0	(130)	0	0	To 2018/19
Replacement of laptops (FEP2462)	131	334	203	231	103	Within existing approval
Public Services Network	707	0	(707)	0	0	To 2018/19
Accident (event) reporting solution	70	130	60	130	0	Add budget reqmt
Online Payment Facility	70	0	(70)	0	0	To 2018/19
Audio visual equip for Union Street	130	150	20	150	0	Add budget reqmt

2017/18 CAPITAL PROGRAMME

APPENDIX 2

	2017-18 Capital Budget July 2017	Current Forecast 2017/18 Qtr 3	Variance	Last reported position 2017/18 Qtr 2 FEP2792	Variance	Notes
APPENDIX 1 – 2017/18 CAPITAL PROGRAMME						
Blade Farm/ Hyperconverged	300	0	(300)	0	0	Budget saving
Virtual Desktop Technology	250	0	(250)	0	0	To 2018/19
Tlephone system equipment	157	157	0	157	0	
New computer terminals	69	69	0	69	0	
Core Switch Modules	300	0	(300)	0	0	To 2018/19
Wireless LAN Controllers	198	120	(78)	198	(78)	Budget saving
Station Network Rewires	100	0	(100)	0	0	To 2018/19
Physical Server Environment	500	300	(200)	300	0	To 2018/19
ICT Projects Over programming	(1,098)	(420)	678	(498)	78	To 2018/19
ICT PROJECTS	3,770	1,147	(2,623)	1,375	(228)	
ESTATE PROJECTS						
Fire Station Refurb (Middx)	100	0	(100)	0	0	To 2018/19
Alteration works to Union St HQ	75	42	(33)	42	0	Budget savings
Workplace Plan (WIP) Union St	240	240	0	240	0	
Re-develop Plumstead F.S.	2,500	0	(2,500)	0	0	To 2018/19
Bromley FS works	214	240	26	240	0	Add budget reqmt
LFB Museum – Fitout	0	18	18	18	0	Trf from 2018/19
Refurbishment of Edmonton F.S.	50	0	(50)	0	0	To 2018/19
Heating at various fire stations	1,575	1,575	0	1,575	0	
Window replacement at F.S.	300	140	(160)	140	0	£160k to Appliance Bay Doors
Rewiring at various fire stations	592	789	197	789	0	£197k from Appliance bay floors
Building Energy Efficiency (BEEP2)	789	764	(25)	764	0	Budget Savings
Minor Improvement Programme	1,681	1,002	(679)	1,170	(168)	£251k budget savings & £260k to Appliance Bay Doors £168k to 2018/19
Corporate Property Project	50	0	(50)	0	0	Budget savings
Appliance Bay Doors (Phase 3)	220	365	165	640	(275)	£160k from Windows Budget & £260k from Minor Imp & £275k to 2018/19
Appliance Bay Floors	250	0	(250)	0	0	£53k to Fire Safety Projects & £197k to FS rewiring
Asbestos Removal	50	50	0	50	0	
Fire Safety Works at Fire Stations	54	60	6	107	(47)	£53k from Appliance bay floors & £47k to 2018/19
Forecourts/Rear yards refurb	450	450	0	450	0	

2017/18 CAPITAL PROGRAMME

APPENDIX 2

	2017-18 Capital Budget July 2017	Current Forecast 2017/18 Qtr 3	Variance	Last reported position 2017/18 Qtr 2 FEP2792	Variance	Notes
APPENDIX 1 – 2017/18 CAPITAL PROGRAMME						
Development costs	250	156	(94)	233	(77)	Budget Savings
ESTATE PROJECTS	9,440	5,891	(3,549)	6,458	(567)	
OTHER						
Replacement of Fleet & Equipment	11,884	15,490	3,606	12,441	3,049	From 2018/19
Establishing a London Co-ordination Centre at HQ	111	111	0	111	0	
Data transfer system for Joint Emergency Services Interoperability Programme	266	266	0	266	0	
Fire Initial Response Equipment (F.I.R.E.)	24	24	0	24	0	
OTHER	12,285	15,891	3,606	12,842	3,049	
New Proposed Projects						
Early Replacement of ALP & HP*	1,800	0	(1,800)	0	0	To 2018/19
CCTV on Pumping Appliances *	405	405	0	405	0	
Asset Management Plan	200	0	(200)	0	0	Savings £200k
West Hampstead Cottages Refurbishment	0	20	20	20	0	FEP2776
Farynor Replacement	425	50	(375)	50	0	To 2018/19
Security at Fire Stations, Offices & HQ	200	0	(200)	0	0	To 2018/19
Performance Management System (PMF)	190	0	(190)	0	0	To 2018/19
New Training Centre *	478	397	(82)	302	95	From 2018/19
PEG/BDC Development	3,750	340	(3,410)	340	0	Budget Saving
22mm Water Hose and Reel for Appliances *	1,500	1,500	0	1,500	0	
Vehicle Security *	1,389	1,389	0	1,389	0	
New Projects TOTAL	10,337	4,101	(6,236)	4,006	95	
Projected Underspend	(6,686)	(6,686)	0	(6,686)	0	
CAPITAL EXPENDITURE TOTAL	29,146	20,344	(8,802)	17,995	2,349	

1. Pay and Inflation

1.1. The 2017/18 Budget includes a provision for a 1% pay award for all staff for 2017/18. This report includes a £1.5m pressure based on the latest offer to operational and control staff. An initial award of 1% has now been paid for operational and control and any additional award above the 2% already offered would further reduce the underspend. The FRS Pay claim has now been agreed and the financial impact reflected in this report.

2. Changes to Income

2.1. Both the cost recovery and expenditure budgets related to mutual assistance charges have been reviewed to ensure that they are as accurate as possible and a net forecast overspend of £180k has been included in this report and a budget pressure of £205k has been included in the 2018/19 budget report. This forecast is based on the cost and number of incidents in 2016/17, and based on the number of incidents that have been attended in London by neighbouring brigades to the end of December this cost may increase further.

3. Property Services

3.1. The 2017/18 budget includes £630k of savings from the implementation of the Property Services Integrator, which includes an estimate of savings that can be achieved on LFEPAs supply chain. This saving will be updated once the supply chain has been fully costed which is now anticipated to be in September 2018. The savings target is based on an average saving each year to meet the overall savings target agreed over the contract life. It should be noted that a number of the supply chain contracts have already returned higher and the mechanical, electrical, plumbing and fabric contracts which are being tendered in January 2018 are not expected to deliver any savings. There is therefore a real risk that the estimated savings on the supply chain will not be achieved but this cannot be fully determined until all contracts are in place.

3.2. The saving proposals for 2017/18 included material savings for energy budgets. This budget has underspent in recent years, in part because of the prudent assumptions used when calculating the budget requirement. These additional savings will therefore set the budget at a less cautious level, and as a result this will increase the risk of overspends in subsequent years, for example because of a colder than average winter.

4. MDT Theft

4.1. As previously reported, spend on the stolen MDTs will be charged to revenue and would be offset by the insurance income. There is a risk that the claim would not meet the full cost and any difference resulting in additional overspend.

5. Capital Expenditure and Financing

5.1. 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. 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.

5.2. 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 Finance and Contractual Services) where all changes to the programme are reviewed and substitution projects or re-financing proposals are assessed and agreed.

- 5.3. Discussions are continuing regarding the sale of the two former fire stations, Clerkenwell and Southwark, and as a result the forecast capital receipts for these sites have been deferred by a year to 2018/19. The capital financing costs have been updated to reflect the re-phasing of the capital receipts, although if these sales are delayed any further, the level of external capital financing will increase together with the associated debt charges. This situation will continued to be monitored.
- 5.4. The design, specification and build of the replacement vehicles and equipment is now underway following the commencement of the new contract in November 2014. 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 Authority's cash flow. The forecast cash expenditure for 2017/18 and future years is based on the current assessment of the stage payment requirements for the pump replacement programme which represents about half the forecast Vehicles and Equipment expenditure in that period and the delivery timings for the balance of the fleet replacement programme.
- 5.5. The Brigade successfully cutover to the Replacement Mobilising Solution (VISION4 mobilising system & DS3000 ICCS) as planned on 17 November 2015. The legacy systems were decommissioned in January 2016 and there are a number of other work streams within the project that are still to be delivered. Update releases have been scheduled through 2017 and 2018 for this outstanding functionality. The status of this project is Blue as reported in FEP2782
- 5.6. The Asset Management Plan (2017) was approved in March 2017 (FEP2714), which has identified new priorities for investment over the next 5 years across the LFB estate, which includes fire station replacement, redevelopment and refurbishments which will enable the property portfolio to meet the needs of a 21st century fire service. It is difficult to source suitable new sites for purchase to replace those stations where investment to improve their condition or functionality is uneconomic, as the Authority has to compete with other sectors, in particular residential development. Initially a budget of £10m per annum was set aside to fund new developments as and when these opportunities arise. Following a review of the programme, it was decided that the budgets for the works resulting from the asset management plan would be requested once the requirements for each project have been specified. Therefore £200k, has been identified as a saving for 2017/18 and the future capital budgets of £10m per annum have been removed from the capital programme.
- 5.7. As the new site for Plumstead fire station is yet to be purchased or a leased agreed, there is a risk that the project programme will be substantively delayed. The LFB Training Centre project has a dependency on PEG moving out of Croydon, any delay to the PEG/BDC development may have a knock on effect on the delivery of the Training Centre programme. The lease agreement for the new combined PEG/BDC facility (Integrated and Equipment Logistics Project – IELP) has been recently signed and the fit-out/adaptation works are to commence shortly. Should these risks in respect of site acquisition/programme delays materialise, this could result in reduced expenditure in future years compared to the current forecast budgets for these major capital projects.
- 5.8. Delays could occur in the delivery of the Farynor and Home Fire Safety Database projects as it has been considered prudent to await the outcome of the independent Review of Building Regulations and Fire Safety being led by Dame Judith Hackitt. The review will make recommendations that will ensure that there is sufficient robust regulatory system for the future. The report scheduled for Spring 2018 and due consideration will be given to the findings which will result in the final specification of these two projects. Accordingly, the exact time frame for these projects are uncertain at present
- 5.9. The Public Services Network budget for 2018/19 of £707k is held as a contingency concerning ensuring the readiness of the ICT systems environment to meet the standards dictated by the Emergency Services Network. Currently, this work is funded through a Home Office grant.

However, as this grant maybe withdrawn in the future, it is prudent to include a capital budget for the potential financial impact. If the grant funding continues, this budget will not be required and accordingly would be a saving to the capital programme.

- 5.10. 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 LFEPA will bid for any available capital resources as and when such opportunities arise.

Financial Regulation 9:

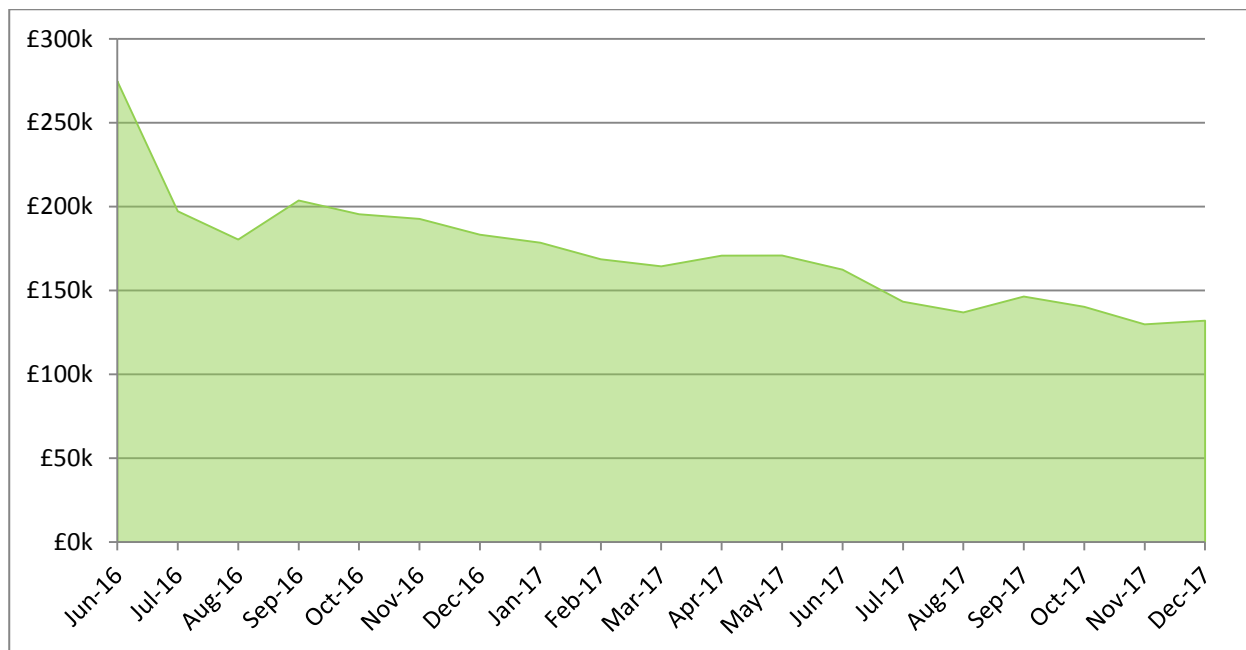
"(f) With the agreement of the Director of Finance and Contractual Services, a head of department may transfer up to £50,000 from a budget head within that department's approved budget to a budget head within another department's approved budget, but if those budget heads are in different Directorates the agreement of the appropriate Directors is also required.

(g) With the agreement of the Director of Finance and Contractual Services, the Commissioner, the Directors and the Head of Legal and Democratic Services may transfer up to £125,000 from a budget head within that department's approved budget to a budget head within another department's approved budget.

(h) The Director of Finance and Contractual Services shall report all transfers under (f) and (g) to the relevant committee as part of the quarterly monitoring reports."

No transfers were processed in Quarter 3 that requires reporting.

The chart below shows the amount of outstanding Shut-in-Lift (SIL) debts over the last 18 months. Note the below graph shows a decrease of £14k in outstanding debt since last the report at the end of Quarter 2 and that the trend over the financial shows a nearly continuous decrease.



The chart below shows the top 5 (worst) outstanding debtors for SIL income.

	Amount outstanding (£)	Average Age of Invoices in days	No of invoices
London Borough of Lambeth	15,338	150	39
London Borough of Croydon	7,306	719	20
Sainsbury's Supermarkets PLC	5,742	883	16
Tesco Stores Ltd	5,642	967	16
Royal Borough of Greenwich	4,716	195	12
Total	38,744	507	103

The top five (worst) debtors has continued to decrease over the past years. This reached a peak of £105k at the end of September 2015, but has now reduced to £39k as at the end of December 2017. The continued joint effort by Authority staff has resulted in the positive progress made to date.

London Borough of Lambeth:

Legal Services have been in correspondence with Lambeth and this debt has now been settled.

London Borough of Croydon:

Legal Services have been in correspondence with Croydon and this debt has now been settled.

Sainsbury's Supermarkets PLC:

There are currently difficulties experienced with regards to outstanding payments by Sainsbury as a whole. Although Sainsbury's is the named debtor, invoices are raised against the individual store where the shut in life releases occurred, which has made it more challenging to secure payment. The

Sainsbury's invoices also present further challenges as they cover the London-wide area and do not come under the responsibility of any one area.

Legal have received instructions to recover the sum of £5,742 and have been informed by Sainsbury's that a cheque in settlement of the full amount has been raised. Payment is therefore expected.

Tesco Stores Ltd:

As with Sainsbury's, although Tesco Ltd is the named debtor, there are five stores with outstanding debts across two Areas, which is making debt recovery more challenging. Letters have been sent to all stores. Two have responded promising to pay but payment has not been forthcoming. Further contact will be made with stores who have promised to pay to confirm status. If payment is not received, this will be referred to Finance for debt recovery by NW/SE jointly.

Royal Borough of Greenwich:

Greenwich have paid 22 invoices since last reported in September. The majority of the invoices outstanding were issued in the last quarter and LFB will continue to work with RB Greenwich to clear their outstanding balance.