



LFC-23-107

LONDON FIRE BRIGADE

2024/25 Budget Submission

Report to:
Investment & Finance Board
Commissioners Board
Fire & Resilience Board

Date:
26/10/2023
07/11/2023
21/11/2023

Report by:
Assistant Director, Finance

Report classification:
For Publication

I agree the recommended decision below.

Andy Roe
London Fire Commissioner

This decision was remotely
Date signed on 24 November 2023

PART ONE

Non-confidential facts and advice to the decision-maker

Executive Summary

The Mayor has written to the London Fire Commissioner (LFC) to consult the LFC before preparing his draft Component Budget for the LFC for 2024/25. The Mayor is proposing to provide funding of £470.4m for the LFC in that year.

This report sets out the LFC proposed Budget Submission to the Mayor that will meet that financial requirement and achieves a balanced budget position for the LFC in 2024/25 at a time of ongoing increased inflationary pressures and resulting impacts on staff pay.

This is the full draft budget for 2024/25 and will form the LFC budget submission to the Mayor on 24 November 2023 in line with the Mayor's Budget Guidance issued on 14 July 2023.

This report also sets out the outcome of the work undertaken to ensure the budget setting process is aligned to Community Risk Management Plan (CRMP) priorities. This paper highlights key areas of emerging investments and savings identified through that process including a proposal for a significant investment in training so that the LFC can be better prepared for, and respond to, the changing firefighting challenges in 21st century London.

This report presents a balanced budget in 2024/25 based on current planned investments, savings and assumptions around pay. The final March 2024/25 Budget Report will take into account factors including the Local Government Finance Settlement and progress on pay negotiations.

Recommended decision

For the London Fire Commissioner

That the London Fire Commissioner approves:

1. The Budget Submission for 2024/25 to the Mayor that includes:
 - a. Savings of £16.3m in 2024/25, as set out in table 2 and appendix 3 (departmental savings).
 - b. A draw of £4.5m through an earmarked reserves review, £3.8m use of Budget Flexibility Reserve and the use of £20.0m from the Fire Safety Improvement Reserve to address Modern Firefighting and training requirements in 2024/25 and 2025/26 as set out in paragraphs 3.13 to 3.19.
 - c. CRMP and Departmental Investment proposals of £19.7m (inclusive of Modern Firefighter training) in 2024/25 as set out in table 2 and Appendix 4.
2. A draft 20-year Capital Strategy together with a detailed four-year capital plan at Appendix 8.
3. A draft Medium-Term Financial Strategy (MTFS) covering the period to 2026/27 at Appendix 2.

4. A draft Reserves Strategy at Appendix 9.
5. A draft covering letter at Appendix 12 for consultation with the Fire, Resilience and Emergency Planning (FREP) Committee.

1 Introduction and background

- 1.1 The Final LFC Budget report for 2023/24 set out a balanced budget for that year and a budget gap of £7.3m in 2024/25. This report sets out proposals to achieve a balanced budget for 2024/25, for submission to the Mayor.
- 1.2 The Mayor's Budget Guidance for 2024/25 for the Greater London Authority (GLA) and the functional bodies was issued on 14 July 2023. The Guidance sets out the Mayor's key policy priorities to be reflected in future years' budgets, the proposed funding levels he intends to provide for each functional body, the financial context and the planned timetable for budget preparation for the GLA Group.
- 1.3 In his Budget Guidance the Mayor has used indicative funding levels from retained business rates, council tax precept income and Group wide reserves to determine the total funding he plans to provide the LFC from the resources under his control.
- 1.4 The Mayor then set out funding totals for each functional body, which are all based on a "central scenario" assuming a 2 per cent increase in business rates in line with inflation, a 2.99 per cent increase in council tax precept and an increase in the council tax base of 1.5 per cent each year.
- 1.5 Under the Greater London Authority Act 1999, the Mayor must consult the functional bodies before proposing a Component Budget for consultation. The Mayor has now written to the Deputy Mayor for Fire & Resilience (Appendix 1) to confirm the amounts as set out in his budget Guidance, which are for proposed funding levels for 2024/25 of £470.4m, 2025/26 of £489.4m, and 2026/27 of £509.2m.
- 1.6 This year's budget process has seen a greater emphasis on ensuring the budget supports the key strategic priorities the LFC will deliver, in support of the Community Risk Management Plan (CRMP) and the nine programmes that underpin the delivery model.
- 1.7 As part of this approach, each Senior Responsible Owner (SRO), which is held at Director level for the delivery of each programme, developed outline business cases which detailed how projects within the programme would be delivered, including phasing, resources, and investment requirements.
- 1.8 Each of the SROs had a Change Group session to review and challenge the business cases, followed by peer director challenge sessions as part of the budget process. This enabled the production of forecasts to deliver the initial phases of the CRMP, including consideration of wider resources and achievability.
- 1.9 Alongside this there was a process undertaken looking at departmental investment of core services and savings proposals and previous assumptions made in the Medium-Term Financial Strategy (MTFS). These proposals were also reviewed by scrutiny meetings involving the Commissioner and directors, before consulting on them with the Deputy Mayor for Finance and Resilience.
- 1.10 The MTFS (Appendix 2) shows the forecast estimates of income and expenditure for the next financial year and the following two financial years to 2026/27 and highlights budget surpluses or deficits for those years.
- 1.11 The proposals to meet any budget deficits are set out within this report and supported by the savings and investment proposals (Appendices 3 to 7 respectively). As set out in this budget submission, the

LFC has plans in place to ensure that a balanced budget can be set for 2024/25 despite significant cost pressures and the investment required to deliver CRMP and significant changes across the organisation such as the implementation of the Independent Culture Review recommendations.

- 1.12 The development of the LFC's revenue budget and capital programme will continue during the Mayor's budget cycle, which concludes in February 2024. The LFC will agree a final revenue budget and capital programme for 2024/25 in March 2024.
- 1.13 This report forms the proposed full draft Budget Submission to the Mayor, including the additional tables attached at Appendix 13. The Mayor has set a deadline for the LFC of 24 November 2023 to provide the GLA group budget submission and, if approved, this draft budget will form the basis for the LFC submission.
- 1.14 The Mayor has requested that the LFC integrates its Capital Spending Plans and Revenue Budgets into one overall Budget Submission. In order to meet this requirement, the LFC's capital expenditure is set out in section 3 and appendix 8.
- 1.15 Under the Prudential Code of Practice, the LFC is required to formulate a longer term Capital strategy which sets out the LFC's capital expenditure plans over the longer term and this is included at Appendix 8.
- 1.16 Table 1 below sets out a provisional timetable for the remainder of the budget process.

Table 1: Timetable for the remainder of the Budget Process

21 November 2023	Fire & Resilience Board
24 November 2023	Functional bodies to provide full and summary budget submissions to the Mayor. This must be published on LFC's website.
Early to mid-December 2023	Provisional Local Government Funding Settlement
Mid to late December 2023	Following the publication of the provisional Local Government, Fire and Police Settlements, the Mayor will issue his draft consolidated budget, including Capital Strategy and borrowing limits.
8 January 2024	Budget and Performance Committee meeting with LFC, MOPAC, TfL.
17 January 2024	January Budget Update report presented to Commissioner's Board, providing updates from the November submission if required.
25 January 2024	London Assembly considers the Mayor's draft consolidated budget 2024/25.
Early February	Government expected to publish final local government and fire finance settlement.
22 February 2024	London Assembly considers the Mayor's final draft consolidated budget 2024/25.
27 February 2024	Statutory deadline by which the GLA precept must be approved and the Mayor's statutory Capital Spending Plan is published.
31 March 2024	The LFC approves the final Budget for 2024/25, within the overall funding limit set by the Mayor.

2 Mayors Consultation Letter / Budget Guidance

- 2.1 Each year the Mayor publishes a Budget Guidance document to set out the framework under which the GLA (Greater London Authority) and the functional bodies, including the LFC (London Fire Commissioner), are required to prepare their budgets for the next financial year.
- 2.2 The Mayor has set out funding for the LFC of £470.4m in 2024/25, which is in line with revenue funding totals as set out in his Budget Guidance issued on 14 July 2023 and represents an increase (in cash terms) in funding of £23.0m from the funding levels provided in 2023/24. The guidance then sets out funding of £489.4m in 2025/26, and of £509.2m in 2026/27.
- 2.3 The Mayor issued a consultation letter to the Deputy Mayor on 1 November 2023. The purpose of this letter is to consult the Deputy Mayor and clarify the requirements for the LFC's budget submission before preparing a draft component budget for 2024/25. A copy of the letter can be found in Appendix 1.

3 Medium-Term Financial Plan

- 3.1 The final March 2023/24 Budget Report (LFC-23-029) set out the agreed budget for the 2023/24 financial year and included two further years to support financial planning (2024/25 and 2025/26), as required by the Mayor in his Budget Guidance for that year. This report set out a balanced budget in 2024/25 based on the assumptions in that report and a forecast budget gap of £7.3m in 2024/25. The estimates have been kept under review considering financial performance during 2023/24 and an updated position is set out at Appendix 2.
- 3.2 The impact of the increase in funding in the Mayor's Budget Guidance from July 2023, together with the results of the review of the MTFs as part of the preparation for the 2024/25 budget process, is set out in Table 2 below. The table also contains a summary of the financial impact of other changes to the forecast position over the three-year period, which are explained in more detail below.
- 3.3 The table shows that based on these assumptions there would be a balanced budget in 2024/25 after taking account of use of reserves due to a one-off earmarked reserves review, with indicative budget deficits of £5.9m and £16.4m in 2025/26 and 2026/27 respectively.
- 3.4 In making the saving and investments proposals as set out in Table 2 below consideration has been given to the LFC's strategic objectives and value for money considerations, including
 - The number of fire stations, appliances and firefighters are not reduced.
 - Delivery of the Community Risk Management Plan (CRMP).
 - Appropriate investment continues to be made in transformation activity, including culture change.
 - Resources are available to meet the recommendations arising from both the Grenfell Tower and Manchester Arena Inquiries and also the improvement plan from the HMICRFS inspection.
 - Adequate investment in core infrastructure is maintained.
 - Appropriate resources set aside to deliver key strategies and priorities.
 - Opportunities for innovative and modern ways working will be adopted as far as possible.

Table 2: Budget Position for the LFC

	2024/25	2025/26	2026/27
	£m	£m	£m
Budget Gap as set out in the MTFs for 2023/24 (and rolled forward into future years)	7.3	1.4	N/A
Additional mayoral funding above expectations in 2023/24 budget due to changes in precept increase and tax base assumptions	(7.3)	(7.9)	N/A
Update to Medium-Term Financial Assumptions on inflation	0.0	(0.6)	N/A
Revised Opening Position (Deficit + / Surplus -)	0.0	(7.1)	(13.1)
New: Business As Usual (BAU) Investment 2024/25	4.4	3.5	3.5
New: Community Risk Management Plan (CRMP) Investment 2024/25	5.6	4.9	3.0
New: Modern Firefighting and Training Investment	9.7	10.3	13.9
New: Pay Award at 3% (1% above base assumption of 2%)	3.2	4.0	4.0
New: Operational skills payments	2.5	2.5	2.5
Capital Financing Charges (2)	0.0	5.2	9.8
Unwinding of last year's departmental savings*	2.2	3.1	3.1
Unwinding of last year's Efficiency review and targeted rolling review savings*	2.2	4.7	4.7
Budget Gap after Pressures Identified	29.8	31.1	31.4
Departmental Savings Proposed	(3.8)	(5.4)	(5.5)
Efficiency Reviews / Targeted rolling review	(2.7)	(5.2)	(5.2)
Forecast Operational Vacancy assumption due to turnover	(4.3)	(4.3)	(4.3)
Additional FRS Vacancy Margin	(1.0)	0.0	0.0
Review of Earmarked Reserves	(4.5)	0.0	0.0
Total Savings Identified	(16.3)	(14.9)	(15.0)
Use of Budget Flexibility Reserve	(3.8)	0.0	0.0
Use of Fire Safety Improvement Reserve	(9.7)	(10.3)	0.0
Budget Gap (+) / Surplus (-) After Savings Identified	0.0	5.9	16.4

* (Please note – this is replaced with a new savings figure below in the table and does not indicate savings are no longer being made)

(2) Further work to be undertaken to assess profiling and deliverability of the current draft capital plan ahead of the final budget in March.

- 3.5 This table above shows that after the proposals for investment and cost reductions there would be a balanced budget in 2024/25, pressure of £5.9m in 2025/26 and £16.4m in 2026/27.

Staff Pay

- 3.6 National and local negotiations around pay, including through the National Joint Council (NJC) for operational staff, will be key determinants of the pay award. LFB has a standard planning assumption of 2% for pay at the start of the budget process. This has been increased to 3% for 2024/25 but will need to be reviewed for the final budget in March 2024 in light of progress in negotiations.

- 3.7 The Operational and FRS staff groups are also both undergoing a pay review. As part of the Fire Brigade Union's 2022 pay claim, they set out a number of points for FRS Chiefs to consider which would result in a fair pay increase. This included the introduction of skills payments. The London Fire Commissioner is committed to ensuring that firefighters are paid fairly for the work they carry out and is grateful for the support previously provided by the Mayor of London and GLA.
- 3.8 LFB is proposing skills payments for operational staff who possess specific skills that enable them to undertake specialist roles within the Brigade. This will address a long-standing failure to resolve the need to incentivise and appropriately reward those undertaking specialist roles with additional skills and training requirements which are crucial to London's operational response. The proposals are being finalised, with an estimated ongoing cost of £2.5m.
- 3.9 A key aim of the FRS pay review is to ensure that the pay and reward system for professional support services remains competitive, to enable the LFB to attract and retain talent. The review is still to report its findings and as a result no resulting costs are included in this report. Once that review is complete, this position will be updated in future reporting.
- 3.10 During 2023/24 LFB has enhanced its maternity and adoption pay. A wider review of other family friendly policies will follow. Subject to the final outcomes from the holistic review it is currently not feasible to assess the financial implications on wider support for parents. However, this will continue to be reviewed in light of further updates.

Budget Process 2024/25 Core Themes

- 3.11 As discussed above, ensuring the budget process contained a strategic focus on the CRMP was critical, along with allowing departments to submit investment bids for improving core / business as usual services and focusing on opportunities for efficiencies and productivity improvements.
- 3.12 As part of these three core themes were developed: CRMP Delivery, Business as Usual and Efficiencies and Savings. Heavily linked to the CRMP Programme Delivery is an approach to ensure firefighters are supported for the environments in which they encounter within modern day London and therefore there has been further work in developing investment in Modern Firefighting and Training.

Modern Firefighting & Training

- 3.13 Firefighting in 21st century London is more complex and multifaceted than it has ever been before with a variety of risks, threats, and challenges to both respond to and prepare for. The Grenfell Tower Fire, Manchester Arena Attack, numerous terrorist attacks in London, wildfire/climate change challenges and new and emerging technologies creating additional complexity, means the need for a significant investment in realistic training is going to be critical for LFB over the short, medium, and longer term.
- 3.14 The current training offer, whether provided by Babcock or through local delivery, requires a radical overhaul to ensure it meets the demands of an emergency service responsible for the safety of a global city. The LFB currently has a good baseline level of training provision, but it is clear from experiences over the last few years that it is no longer aligned to the risks faced today, or those anticipated for the future, so requires significant investments and resource to address this gap.
- 3.15 To respond to this challenge, the LFB is proposing to significantly improve initial training provided to firefighters in development (FFD), including lengthening the course for trainees from eleven weeks to fifteen weeks. Also continuing to deliver large scale exercises such as high rise and basement scenarios but in a more coordinated and joined up way – ensuring

firefighters, officers and control staff are exercising ever more realistic scenarios. Finally, to develop an urban firefighting course, based at a new London Centre of Excellence, that will ensure that LFB is providing cutting edge training that tests firefighters, officers and control staff in the most realistic fire and rescue scenarios available. London is the most complex risk environment in Western Europe, with no comparable city in the UK, the LFB therefore requires a training offer that genuinely reflects this complexity, thereby helping to provide a worldclass fire and rescue service and supporting the capital's firefighters to be as safe as possible, even in the most challenging situations.

- 3.16 For additional context, all Home Counties' Fire and Rescue Services have Positive Pressure Ventilation (PPV) and water misting technology as part of their firefighting capability. LFB currently does not have this provision yet attends more fires than any other service in the UK. The additional funding being requested will use a phased approach to firstly address this capability gap (which means delivery of a safer and more effective service), thereafter, to deliver more realistic training scenarios that are linked to National Operational Guidance (NOG) and then longer term, develop a new urban firefighting course to be delivered from a new London Centre of Excellence.
- 3.17 It is a priority for the LFB, as part of its CRMP, to ensure the Brigade is delivering services that reflect the risk in London. How we train our firefighters, officers, control and FRS staff is central to this strategic intent and we know the current provision, whether delivered by Babcock or from within the LFB is not matched to the risk that has continued to evolve over recent years. This is why investment is being sought from FFD provision all the way through to a new urban firefighting course, with the requisite infrastructure and delivery supporting this to ensure the LFB is providing its staff the necessary skills and capabilities to meet the demands London poses both now and in the future.
- 3.18 Due to the large-scale investment required in this area and past decisions made around training provision (notably the outsourcing to Babcock in a long-term contract), it will not be achievable for LFB to deliver the level of capability uplift required from existing revenue budgets and also to deliver a balanced budget, without making significant reductions to services. Therefore, at this point the LFB is proposing a special investment bid to fund the overhaul in training that is referred to above. The LFB would be looking to contribute £20m from the Fire Safety Improvement reserve over the next two years to improve the safety of Londoners through the investment in training and associated equipment. The LFC would then be looking to support from central and local government to sustain the required investment over the longer term.
- 3.19 The table below shows the level of investment to align with modern firefighting and training under both the departmental bid from Learning & Professional Development and CRMP Programme 3. Please let it be noted that from 2025/26 these figures are currently indicative and subject to more detailed phasing. The available funding for this work during the 2024/25 and 2025/26 financial years is limited to the £20m available from the Fire Safety Improvement reserve, and more work is being done to phase expenditure to align with that requirement.

	2024/25 £'000	2025/26 £'000	2026/27 £'000
CRMP Programme 3 – Modern Firefighting	5,303	6,803	8,403
Operational Preparedness & Response (Modern Firefighting Investment with Learning & Professional Development)	4,386	3,511	5,501
Total	9,686	10,314	13,904

CRMP Programmes

- 3.20 Within CRMP there are 9 distinct programmes of work. These are
- 1) Work with you to provide localised services that meet your needs.
 - 2) Make it easy for you to access our services.
 - 3) Adapt our services as your needs change.
 - 4) Design services around your needs and concerns.
 - 5) Enable our people to be the best they can be, to serve you better (incorporating work relating to the Independent Culture Review).
 - 6) Work together to provide the best possible services to meet your needs.
 - 7) Driven by evidence to give you the value you expect.
 - 8) Work with other organisations to secure a safer future for everyone.
 - 9) Enable organisational change.
- 3.21 The below table sets out the investments required for 2024/25 following review and revision as part of Change Group and Director Scrutiny sessions. These sessions involved using metrics of value and effort to ensure prioritisation of investments. Consideration was also given not just to overall financial constraints and the need to have a sustainable budget, but also the capacity to deliver (including the impact on enabling services) alongside the organisational capacity to receive so much change at once;

Programme	Investment Post Director Scrutiny £'000
Programme 1	0
Programme 2 & 4	515
Programme 3 – Modern Firefighting	5,263
Programme 3 – Other	1,035
Programme 5	2,850
Programme 6	300
Programme 7	175
Programme 8	588
Programme 9	202
Total	10,928

Departmental Investment

- 3.22 The existing Investment as agreed as part of the 2023/24 budget process that is due to start in 2024/25 can be seen in the table below.

Directorate	£'000
Communications	0
Corporate	0
Operational Preparedness & Response	0
Operational Prevention, Protection & Policy	65
People	0
Transformation	0
Total	65

- 3.23 Detailed information can be found within appendix 5.

- 3.24 In addition to this, as part of the current year's budget process the following investments have been put forward. As part of director scrutiny process and ongoing work, elements of this have been re-phased, amended or removed completely. The below table reflects the latest position.

Directorate	2024/25 £'000	2025/26 £'000	2026/27 £'000
Communications	410	373	373
Corporate	2,214	1,834	1,794
Operational Preparedness & Response*	337	325	325
Operational Preparedness & Response (Modern Firefighting Investment with Learning & professional Development)*	4,386	3,509	5,501
Operational Prevention, Protection & Policy (including Health & Safety)*	1,001	803	803
People (investments and savings already captured through recent People Services restructuring proposals, and through Programme 5 investment proposals)*	285	0	0
Transformation	170	170	170
Total	8,803	7,014	8,966

*Noting investment aligned to temporary director responsibilities.

- 3.25 More information on the above investments can be found in Appendix 7.
- 3.26 Whilst there are still relatively large investments considered under BAU, £4.4m of the investment is part of resourcing modern firefighter training and capabilities. The biggest areas of investment in Corporate Services relate to ICT (cyber security, accessibility support to staff and ensuring station staff have same access to MS Office365 as other staff).

Establishment

- 3.27 The 2023/24 budget process proposed an Average Vacancy Margin (AVM) of 154 operational posts below full establishment, with a planned AVM of zero in 2024/25.
- 3.28 Since the approval of the 2023/24 budget, work has continued on the feasibility and impact of this level of change in the AVM, in particular on areas such as recruitment and training, as well as on operational delivery. A working group reporting into the Establishment Board has been considering key aspects of the change in AVM and presenting options for consideration. The conclusion from this work is that the Establishment Board considers that an AVM of 100 is a practical assumption (rather than a goal) into the medium-term due to actual recruitment rates and staff turnover with the potential for one weeks' notice. This will not impact on overtime requirements.
- 3.29 Currently, operational workforce planning is carried out every month and discussed at Establishment Board. This will be further developed as a new organisational workforce planning strategy is put into place.

Firefighter Pension Valuation

- 3.30 The actuarial valuation of the firefighter pension scheme is currently under way and is expected to be implemented from April 2024. This will reflect the full impact of the pensions remedy on the LFC as well as changes to actuarial assumptions which are likely to increase the cost of the scheme. This valuation will include any changes necessary to employer and employee pension contribution rates. The LFC is currently assuming that any additional costs will be met by central government. However if central government does not meet this cost, or

only covers it in part, this could result in additional financial pressures in 2024/25 and future years.

Savings, efficiencies and productivity

- 3.31 A total of £16.3m in Budget reductions are proposed for 2024/25, including departmental saving proposals of £3.8m, operational and FRS staff vacancy margin savings of £4.3m and £1.0m respectively, efficiency review and targeted savings review through Investment and Finance Board (IFB) of £2.7m and finally £4.5m linked to a review of earmarked reserves.

Wider efficiencies and productivity

- 3.32 The Assistant Director (AD) for Health & Safety oversaw an efficiency review as part of the budget process last year. Due to the effectiveness of this approach, a follow up Review was commissioned.
- 3.33 The Review noted the significant improvement that has been made in managing Pre-Arranged Overtime (PAO), which has been a key and growing pressure on the LFC budget over the past few years. A plan to reduce reliance on PAO was then agreed by the LFC in March 2023 and published at the below link:
<https://www.london-fire.gov.uk/media/7500/lfc-23-025-plan-to-reduce-reliance-on-prearranged-overtime-and-associated-spend-part-1.pdf>
- 3.34 That plan put forward proposals to improve effectiveness and utilisation of our resources, supporting operational resilience and financial sustainability. This included Priority Crewing Guidance, Training as a Watch, reducing the establishment gap, and formalised operational demand forecasting and financial controls. In 2022/23, we had an overspend on operational overtime of around £12.5m (excluding National Insurance), the largest component of which was due to PAO. The Quarter 2 forecast for this financial year (2023/24) is an overspend of around £4.5m, a reduction of £8m. Further actions to reduce the residual overspend will include reviewing sick absence and light duties, addressing skills and training gaps and filling vacancies.
- 3.35 The follow up Efficiency Review noted its previous recommendations around reform of the Operational support Units (OSUs) is now being reconsidered in a wider context considering the new Response Strategy, which is taking into account changing risks in London such as wildfires, as well as a wider review of specialist units (including Fire Rescue Units). So whilst the savings have not been currently delivered, we do expect a more effective and efficient model to be developed going forward. Other areas recommended for review include reducing mileage/journeys and the Review of Firefighters Compensation (injury awards) made under the firefighters Pension Scheme.
- 3.36 We have strengthened our processes around business cases and portfolio management which is improving our resource allocations and delivery of value for money. The Investment and Finance Board is playing an important role in scrutinising new expenditure proposals and reviewing existing expenditure through a rolling programme of 'deep dive' reviews. We are also focusing on cost avoidance measures as well as cashable savings, e.g. Property/Technical Support Services have taken steps to limit cost increases in areas facing substantial inflationary pressures, notably energy (by reducing usage, generating renewable energy and fixing contract prices to end of this financial year). Looking ahead, there is an opportunity to join a Power Purchasing Agreement through the GLA group as and when this is ready.
- 3.37 LFB have to submit an annual return to the National Fire Chiefs Council (NFCC) on its efficiency and productivity plan, with key targets of 2 per cent of non-pay efficiencies and increase productivity by 3 per cent by 2024/25. Across 2022/23 – 2024/25 the LFB submission included an average of 6.9 per cent of non-pay efficiencies which is well above the target set.

- 3.38 On productivity of staff, this is not an easy issue to measure accurately or consistently across services. Nevertheless, we are continually looking to improve productivity. For example, firefighters now carry out targeted and specific visits to triage lower risk premises to enable Inspecting Officers to focus on higher risk premises, and increases our reach into the business community. Our proposed change to the way we respond to Automatic fire alarms (AFAs) would allow us to spend more time on protection work, such as fire safety checks in homes and businesses, as well as operational training. It will also reduce the risk to the public through fewer 'blue light' emergency responses. More broadly, the new set of KPIs linked to the CRMP that we have published will enable us to better understand and improve our productivity across a range of disciplines.

People & Culture

- 3.39 LFC has an ambitious agenda around people and culture which is vital to achieving the transformation it has committed to following the Grenfell Inquiry and HMICFRS inspections. This also includes implementing lessons-learned from recent employment tribunals and other events across the Brigade. The HR function is also integral to the development of the CRMP which includes focus on services being delivered by the right people with the right skills and capability.
- 3.40 Following a number of recommendations from both the Independent Culture Review, and the Independent Review of People Services, a number of changes are taking place within the People directorate. These changes are taking place over a number of phases, with Phase 1 covering our People Operations, and Phase 2 looking wider across the Directorate. Within these changes we are establishing a Professional Standards Unit, bringing focus to our transactional processes and strengthen the Business Partnering Model.
- 3.41 People Services has been through considerable change over the last calendar year with the Director of People, the Assistant Director of People and a number of Heads of roles leaving LFB. This has resulted in the investment of a senior interim team being brought in to provide strategic leadership, direction, and lead on the Transformation programme. These roles will be replaced over the early period of 2024 with permanent resource.
- 3.42 Over the course of the year, despite the changes within People Services we have continued to invest in delivering a number of critical activities to support our culture change programme and the modernisation of our core People Services offer. These include
- Developed a new People Services Strategy.
 - Launched a Transformation Programme across People Services to modernise and develop a best in field People Services.
 - Continued the roll-out, and improvement of, our leadership development programmes at all levels within the organisation.
 - Improvements to the support provided to neurodiverse staff.
 - Ongoing work by the Business Partner team supporting the business in identifying trends and implementing early interventions where possible.
 - Creating of a People Dashboard, for all business areas showing trend data to enable both business partners and heads of service to see a holistic, strategic view of the challenges impacting their areas.
 - A review of our Policies, and processes to make them simpler, easier to follow and more accessible to the business.
 - A full review of our Discipline, Bullying and Harassment Policy and supporting processes.
 - We are currently undertaking an external review of our Benefits package, and this is due to report back at the end of November where we will explore improvements to our Total Reward offer.
- 3.43 In response to the Independent Culture Review we have commissioned a full external review of our historic HR cases and provided an independent phone line for employees to raise concerns.

3.44 In the coming months we will be embedding the new design for People Operations and develop the new Organisation Design for the rest of the People Directorate, alongside continuing the Transformational activity on our core processes and offering. These processes are being aligned to support the implementation of a new HR System.

3.45 The Transformational activity will support a number of efficiencies as detailed below. These will be ongoing and embedded as the operating model matures.

- Delivering efficiencies in People Services following the implementation of the new operating model and HR system.
- Cost avoidance through reduction in management time spent on managing grievance and bullying and harassment cases.
- Cost avoidance through reduction in employment tribunal costs.
- Cost avoidance and improvements in key performance indicators through reduction in sickness absence and more effective workforce planning.
- Potential reduction in the cost of overtime through more effective workforce planning.
- As part of People Services Transformation we will be continuing to identify efficiency savings across the directorate through modernising processes and streamlining Governance. Additionally, as part of the Strategy, we will be using data and insights identify issues early across LFB, and develop interventions which will improve productivity, reduce sickness and give better support to our people. We will be tracking this activity to ensure that we meet previous savings targets identified.

3.46 The LFC is also continuing to work on the outcomes of the Independent Culture Review including the identification of additional activities and resulting financial pressures as set out in programme 5 of the CRMP. This includes allocating funding for leadership training, a talent strategy, uniform and leading culture conversations.

Grants

3.47 The Budget for 2024/25 includes anticipated grant income of £31.8m, including a range of grants. Additional detail on the grants is set out in Table 3 below.

Table 3: Key Grant Receipts Projected

Grant Name	Amount in 2024/25 £m	Expected length of Grant
Pension Grant (2015 Firefighter Pension Actuarial Review)	21.7	Ongoing (Agreed annually)
Property PFI	3.7	Until 2039/40
New Dimensions	3.4	Ongoing (Agreed annually)
Merton Regional Control Centre	1.9	Until 2034/35
Other Grants	1.1	
Total	31.8	

3.48 As highlighted in the table, some grants will be agreed annually as part of the central government settlement process and one is under review. The current MTFS assumption is that the total of

£31.8m will continue over the MTFS period but there is a risk that this may not be the case.

Sustainability and Net-Zero Carbon

- 3.49 The budget submission has been reviewed for sustainability and environmental implications. The LFC will continue to monitor performance through the ISO 14001-certified Environmental Management System that covers the functions of the LFB and published Sustainable Development Annual Reports. The LFC's budget includes allocations that will support most of the LFC's commitments under the London Environment Strategy. This includes implementing responsible procurement, reducing waste, improving air quality, increasing London's green cover, adapting to climate change, and reducing CO2 emissions in line with the mayor's ambition to accelerate carbon reductions to achieve net zero by 2030 as part of COVID-19 recovery plans. Appendix 11 of the LFC's detailed budget submission sets out the actions taken, and resources allocated by LFC to comply with the London Environment Strategy.

Risks

- 3.50 The Medium-Term financial strategy (appendix 2) sets out the financial risks to the budget figures in this report, including those relating to inflation, pay and pensions.

Equality Assessment

- 3.51 The Mayor has required in his Guidance that the proposals in the LFC's Budget Submission should be assessed to further address equality, poverty, economic inequality and social integration in London. An equality analysis is set out at Appendix 10 to comply with this requirement.

Medium-Term Financial Strategy and Reserve Strategy

- 3.52 The Fire and Rescue National Framework sets out the documents each Fire and Rescue Service (FRS) is required to produce, which include an integrated risk management plan, an annual statement of assurance (to be published later this year) and its financial plans including an efficiency plan, a Medium-Term Financial Strategy and a Reserves Strategy.
- 3.53 To meet this requirement a Medium-Term Financial Strategy and Reserves Strategy are attached to this report at Appendices 2 and 9 respectively. The Medium-Term Financial Strategy has been updated to also meet the requirements of an Efficiency Plan covering 2024/25.
- 3.54 A draft letter to the Chair of the London Assembly's Fire, Resilience and Emergency Planning (FREP) Committee is also attached at Appendix 12 to consult FREP alongside providing the Budget Submission to the Mayor. The results of any scrutiny by the FREP Committee, alongside that from the Budget and Performance committee, will then also be considered as part of finalising the LFC budget for 2024/25.

The Financial Position as at the end of September 2023

- 3.55 As at the end of quarter two of 2023/24 the Brigade was forecasting an overall overspend position of £2.8m.

Reserves

- 3.56 To meet the requirement of the Local Government Act 2003 in respect of adequacy of reserves and demonstrate compliance with the guidance on local authority reserves and balances issued by CIPFA the GLA and the functional bodies must provide
- A statement of policy on reserves and contingencies.
 - Details of all reserves and general balances.
 - An analysis and explanation of the expected movements on reserves between the start and end of each year from 1 April 2023 to 31 March 2026.
 - In the case of earmarked reserves held for purposes beyond 31 March 2023, an indication should be given as to when they are likely to be applied.
 - Explanation of why reserves need to not only be adequate but why they are necessary.

3.57 The Reserves Policy is set out in the Medium-Term Financial Strategy. A statement on the adequacy of reserves is set out in Appendix 9. The corporate financial risk assessment has been refreshed in support of this. That assessment sets out the potential unbudgeted payments the LFC may be required to make if risks are realised and is used to inform the minimum general reserve requirement.

3.58 The table below sets out the forecasted reserves position at the end of 2023/24 and the following two financial years.

Reserve	Forecasted Balance at 31/03/2024 (£m)	2024/25 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2025 (£m)	2025/26 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2026 (£m)
Fire Safety and Youth Engagement	6.7	(2.1)	4.6	(1.5)	3.1
Emergency Services Mobile Communication Programme	1.0	0.0	1.0	0.0	1.0
Fire Safety Improvement	29.7	(9.7)	20.0	(10.3)	9.7
Communications	0.1	(0.1)	0.0	0.0	0.0
LFB Museum Project	0.1	(0.1)	0.0	0.0	0.0
Finance Reserve	0.0	0.0	0.0	0.0	0.0
Pension Earmarked Reserve	0.6	(0.1)	0.5	0.0	0.5
Compensation	0.8	(0.6)	0.2	0.0	0.2
ICT Development Reserve	1.7	(1.2)	0.5	(0.1)	0.4
Sustainability	0.2	0.0	0.2	0.0	0.2
Vehicle & Equipment Reserve	1.0	(1.0)	0.0	0.0	0.0
Leadership Reserve	0.1	(0.1)	0.0	0.0	0.0
FRS Review	0.1	(0.1)	0.0	0.0	0.0
MTA Reserve	0.1	(0.1)	0.0	0.0	0.0
Recruitment Reserve	1.3	(0.7)	0.6	(0.6)	0.0
Community Risk Management Plan	3.6	(2.8)	0.8	(0.3)	0.5
Budget Flexibility	9.5	(3.8)	5.7	0.0	5.7
General Fund	17.0	0.0	17.0	0.0	17.0
Total Reserves	73.6	(22.5)	51.1	(12.8)	38.3

Financial Risks and Opportunities

3.59 There are a range of risks and opportunities to the long-term financial position which are as yet unquantified in the estimates in this report, and these are outlined in the Medium-Term Financial Strategy at Appendix 2.

Fees, Charges, Cost Recovery and Sponsorship

3.60 The LFC receives income from a range of charges, which are calculated on a cost recovery basis. These charges will be reviewed as part of finalising the budget for 2024/25 and will be reported in the final budget report in March 2024.

Capital Programme 2023/24 to 2027/28

3.61 The Financial Position as at the end of September for Q2 has been used as a base starting point, however this has then been amended to reflect any known changes since the reporting date. This revised position has been used for 2023/24.

3.62 The overall capital programme is summarised in the table below:

Table 4 : Capital Programme Summary

Project	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Schemes						
Properties	15.7	22.8	36.9	31.6	21.3	128.3
Fleet Replacement Plan	2.4	1.6	7.3	4.0	2.5	17.8
ICT Projects	5.4	13.4	8.0	5.1	4.7	36.6
Communications Project	0.0	0.1	0.3	0.3	0.0	0.7
Operational Policy Equipment	5.7	0.0	0.0	0.0	0.0	5.7
Total Expenditure	29.2	37.9	52.4	41.1	28.5	189.1
Capital Financing						
Reserve	7.8	0.0	0.0	0.0	0.0	7.8
Capital Receipts	0.2	0.0	11.3	0.0	0.0	11.5
Capital Grants	0.0	0.0	0.0	0.0	0.0	0.0
External Borrowing	21.2	37.9	41.1	41.1	28.5	169.8
TOTAL Funded Financing	29.2	37.9	52.4	41.1	28.5	189.1

Further work to be undertaken prior to March 2024 to assess profiling and deliverability of the current draft capital plan.

3.63 The Capital Strategy for 2024/25 is included within Appendix 8 which also includes the financing of the capital programme for the next four years together with the approved prudential borrowing limits. The first five years of the Capital Strategy, to 2027/28, are included in the Mayor's Capital Spending Plan, and are funded by the capital financing costs reflected in the LFC revenue budget submission. The costs of borrowing are within both affordability and borrowing limits.

3.64 The Capital Receipt in 2025/26 is net of a repayment to the GLA that will become due on the sale of 8 Albert Embankment. LFB will therefore require external borrowing to fund this repayment.

3.65 The capital programme includes the costs of the purchase of several IT solutions and the market for these products continues to develop. For some IT products it is not until the tender stage that it becomes clear whether a cloud-based solution (or part cloud-based solution) will be recommended, which may then see less capital demand with costs instead being met from the revenue budget. The capital programme will continue to develop to reflect the emerging position.

Capital Strategy

3.66 The CIPFA Prudential Code 2017 sets out a new requirement for local authorities to produce a Capital Strategy, to form part of an authority's integrated revenue, capital and balance sheet planning. The Mayor's Budget Guidance requires that the Capital Strategy covers a 20-year period, and forms part of the LFC's Budget Submission. The 2024/25 Capital Strategy is detailed in Appendix 8.

3.67 The table below sets out the summary capital ambition from 2028/29 to 2042/43 in five year intervals.

Project	Years 2028-2033	Years 2033-2038	Years 2038-2043	Years 2028-43
	£m	£m	£m	£m
Capital Schemes				
Properties	76.0	79.0	91.0	246.0
Fleet Replacement Plan	57.0	29.0	43.0	128.0
ICT Projects	17.0	47.0	28.0	92.0
Communications Project	0.0	0.0	0.0	0.0
Operational Policy Equipment	0.0	0.0	0.0	0.0
Total Capital Expenditure	150.0	154.0	162.0	466.0
Capital Financing				
Capital Receipts	0.0	0.0	0.0	0.0
Capital Grants	0.0	0.0	0.0	0.0
External Borrowing	150.0	154.0	142.0	466.0
TOTAL Funded Financing	150.0	154.0	162.0	466.0
Unfunded Capital Expenditure	0.0	0.0	0.0	0.0

Strategic Drivers

3.68 The requirements for the LFC to produce a balanced budget are set out in the body of this report.

Equality comments

3.69 The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.

3.70 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.

3.71 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.

3.72 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to

- Eliminate discrimination, harassment and victimisation and other prohibited conduct.
- Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between people who share a relevant protected characteristic and persons who do not share it.

3.73 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

- Remove or minimise disadvantages suffered by persons who share a relevant protected

characteristic where those disadvantages are connected to that characteristic.

- 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.
- 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.

3.74 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.

3.75 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

- Tackle prejudice.
- Promote understanding.

Workforce comments

3.76 LFB's recognised trade unions are being consulted on the savings and investment proposals for 2024/25, and any comments received will be responded to and reported to Commissioner's Board as appropriate. It is noted that there are very few occupied FRS posts which are being deleted, and the staff reductions are expected to be achieved voluntarily. It is also noted that there are several growth FRS posts. The deletion of operational posts will not require any staffing reductions as operational staff who are currently occupying such posts will be posted to alternative positions at similar rank.

Finance comments

3.77 This is a financial report and therefore all the financial implications are set out in detail within the report.

Sustainability comments

3.78 Please see appendix 11 for more information and detailed analysis of the sustainability impact of activity included in this report.

Procurement comments

3.79 The resource requirements to ensure that Procurement and Commercial can facilitate and meet the required commercial needs of the LFB at both CRMP Programme and Business as usual level are set-out and included in the investment sections of the report.

Communication comments

3.80 The budget paper will be published through the usual mechanism. No wider communication is planned at this point, but relevant themes mentioned in the paper (e.g. investment in training) will be covered as part of future communications about how LFB is changing.

Legal comments

3.81 Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the Greater London Authority Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.

3.82 Section 1 of the Fire and Rescue Services Act 2004 states that the Commissioner is the fire and rescue authority for Greater London. The Commissioner is also a 'best value' authority under the Local Government Act 1999 and must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and

effectiveness.

- 3.83 The statutory provisions relating to the setting of the Commissioner's budget are contained in the Greater London Authority Act 1999. Schedule 6 of the Act sets out the process for the development and approval of the GLA's consolidated budget and the various component budgets of the functional bodies such as the Commissioner. Paragraph 2 of Schedule 6 requires the Mayor to prepare a draft component budget for the Commissioner and for each of the other constituent bodies which make up the GLA's consolidated budget. The Mayor must consult the Commissioner before preparing the component budget and the London Assembly before producing a consolidated budget. In preparing the draft he must have regard to representations which he has received as a result of the consultation process.
- 3.84 The Mayor annually updates his budget guidance in order to take account of his mayoral priorities and legislative changes. The Commissioner must have regard to this guidance in preparing the LFC's representations during the budget consultation process.
- 3.85 Additionally, the Fire and Rescue National Framework for England ("Framework") issued by the Secretary of State under section 21 of the Fire and Rescue Services Act 2004 requires the Commissioner to produce a medium-term financial plan, efficiency plan and a reserves strategy. The Framework permits these to be combined and included within the parent authorities' documentation as has been done in this report.
- 3.86 By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor"). Paragraph (d) of Part 2 of this direction requires the prior approval of the Deputy Mayor before, "The London Fire Commissioner makes an annual budget submission to the Mayor prior to the Mayor's Consultation Budget being issued."
- 3.87 This report sets out the Commissioner's proposed Budget Submission to the Mayor (incorporating the requirements of the Framework) thereby meeting the Commissioner's responsibilities under the above legislation and Framework.
- 3.88 The Medium-Term Financial Strategy (MTFS), Efficiency Plan and Reserve Strategy are documents referenced as required in the Fire and Rescue Services National Framework. These documents form part of the Budget Submission. Under S327G of the Greater London Authority Act 1999 (GLA Act 1999) a document that is prepared and published by the LFC in accordance with Framework and which (a) sets out the Commissioner's priorities and objectives, for the period covered by the document, in connection with the discharge of the Commissioner's functions, or (b) contains a statement of the way in which the Commissioner has had regard, in the period covered by the document, to the Framework and to any document within paragraph (a) prepared by the Commissioner for that period must, before publication, be sent in draft to the Mayor and the Assembly (in these circumstances the Fire Resilience and Emergency Planning Committee (FREP)). The document cannot be published by the LFC without FREP having an opportunity to review the draft document(s) and report to the Mayor, and the Mayor needs to approve the document(s) before it may be published by the LFC.
- 3.89 It is commonly accepted that the MTFS, Efficiency Strategy, Reserve Strategy and the Statement of Assurance (the subject of a separate report) are documents that fall within S327G and accordingly the above provisions apply.

3.90 The Mayoral Directions provide for additional processes namely that *The prior approval of the Mayor is required before any of the following decisions is taken: b. Approval of the final proposed text of the draft London Safety Plan (or any revision of it) for the purposes of sending it to the Assembly under section 327G(2) of the GLA Act 1999. "London Safety Plan" refers to any document which is prepared and published by the Commissioner in accordance with the Fire and Rescue National Framework and which contains the matters described in section 327G (1)(a) and or (b) of the GLA Act 1999.*

3.91 In addition the Mayoral Directions provide that prior consultation with the Deputy Mayor is required on anything that requires the consent of the Mayor.

List of Appendices

Appendix	Title	Protective Marking
1	Consultation Letter	None
2	Medium-Term Financial Strategy (MTFS)	None
3	Budget Savings 2024/25 (as part of last year's budget process still to be delivered)	None
4	New Budget Savings 2024/25	None
5	Budget Investments 2024/25 (as part of last year's budget process to start in 2024/25)	None
6	Community Risk Management Plan (CRMP) Investments 2024/25	None
7	Business As Usual (BAU) Investments 2024/25	None
8	Capital Strategy	None
9	Reserves Strategy	None
10	Equality Analysis / Equality Impact Assessment (EIA)	None
11	Climate Budget and Sustainability Analysis	None
12	Draft Letter to FREP Committee	None
13	Budget Submission to the Mayor	None

MAYOR OF LONDON

Date: 01 November 2023

Dr Fiona Twycross

Deputy Mayor for Fire and Resilience

Fiona.twycross@london.gov.uk

Date: 01 November 2023

Dear Fiona,

Budget Proposals 2024-25

1. The purpose of this letter is to consult you before I prepare a draft component budget for the London Fire Commissioner (LFC) for 2024-25, in accordance with the provisions of paragraph 2 of schedule 6 of the Greater London Authority Act 1999 (the GLA Act). It also allows me to describe in more detail the process for finalising my Budget and clarify the requirements for your budget submission.
2. My intention is to issue the GLA Group Budget Consultation Document as soon as it is practical, in December 2023. As in recent years, it appears that the provisional local government and fire finance settlements will not be published until shortly before the Christmas break, leaving insufficient time to incorporate them into the consultation document. Waiting for the provisional settlements only serves to reduce and delay the time available for consultation.
3. I have not yet received any information from the government that contradicts the council tax referendum assumptions set out in my 2024-25 Budget Guidance. Unfortunately, it is likely that further detail will not be available until the provisional settlement 2024-25 is published. The settlement is expected to set out the baseline funding levels proposed by the government for the GLA Group in retained business rates, which will include the LFC's share in respect of fire and rescue services funding. Consequently, there remains significant uncertainty about many of the funding parameters and the total level of resources available to the GLA Group in 2024-25 and future years. As a consequence, the proposed funding allocations for retained business rates for the LFC remain consistent with the assumptions set out in my budget guidance in July. The council tax element allocation assumes a 1.5 per cent increase in the London-wide taxbase; a £20 increase at Band D to offset reduced fares income for Transport for London; and a 2.99% increase in the non-police element of the council tax precept, which I intend to fully allocate to LFC. The combined effect of these assumptions is an additional £16.4 million in council tax funding for LFB in 2024-25 compared to 2023-24.

4. Subject to considering any comments that you or the LFC would wish to make and the impact of the provisional settlement when announced, my present intention is to confirm a draft component budget for 2024-25 that will require the GLA to pay to the LFC under section 102 of the GLA Act 1999, as amended, an amount equivalent to £470.4 million.

5. For planning purposes, I intend to set an indicative allocation for 2025-26 of £489.4 million and for 2026-27 of £509.2 million. These amounts remain indicative, given that future years' allocations of funding for the GLA Group have yet to be announced. The government has also previously stated its intention to engage further with the local government sector on funding reforms for future years; as of yet, there is not sufficient clarity on what these reforms will mean for the overall level of resources available for the GLA Group.

6. On the basis of the funding assumptions set out above, I require that your proposals balance the budget for 2024-25. In order that my Budget Consultation Document can be prepared in a consistent and efficient fashion, I would be grateful if you could ensure that your submission fully complies with the requirements set out in my Budget Guidance 2024-25. May I also remind you that your budget submission should be placed on your website as soon as practical after its submission.

7. Please send your budget submission, including the requested text to be included in my Consolidated Budget and completed financial templates, to Elliott Ball, Interim Director, Group Finance and Performance at the GLA (email: elliott.ball2@london.gov.uk and GLABudget@london.gov.uk) no later than 5pm on Friday 24 November 2023.

Yours sincerely,



Sadiq Khan
Mayor of London

Cc: David Bellamy, Chief of Staff
Andy Roe, Commissioner of the London Fire Brigade
Mostaque Ahmed, Chief Finance Officer and Director of Corporate Services
Enver Enver, Acting Chief Finance Officer, GLA
Elliott Ball, Interim Director – Group Finance and Performance, GLA

Appendix 2

Medium-Term Financial Strategy (MTFS)

1 Introduction

This report sets out the Medium-Term Financial Strategy (MTFS) for the London Fire Commissioner (LFC) covering the period 2024/25 to 2026/27.

The MTFS is a key part of the LFC's financial management framework and helps to ensure that resources are managed into the medium-term and supports better alignment of those resources to strategic priorities. It improves financial planning and strategic financial management and provides the financial context within which budgets are set.

The MTFS must set out the financial plans for multiple years, have regard to affordability and consider the interdependencies of both revenue and capital income and expenditure.

Under the CIPFA Prudential Code for Capital Finance, the LFC is also required to produce an annual Capital Strategy which sets out the investment plans, considering the affordability of those plans.

2 Economic contexts

Over recent years the UK economy has seen turbulent times due to several events such as the impact of the Covid-19 pandemic, the UK leaving the European Union, and this has then been further impacted by more recent conflicts both in Europe and the Middle East causing instability to whole regions and economic markets. This presents a challenging economic context for the current and future budget processes.

Inflation has risen considerably above the Government's two per cent target, at one point reaching a 40 year high of over 10%. This is impacting on the LFC not only in the higher costs it must meet for contractual expenditure, but also in staff pay expectations driven by the increasing cost of living. The costs of living crisis have led to industrial relations tensions across many sectors and pay increases above previously planned levels, to meet these staff expectations, risk further inflationary pressure in the LFC's contractual expenditure. The uncertainty caused by the current economic context also impacts on the LFC's funding expectations. The majority of the LFC's funding comes from the Mayor, from resources available to him from government grants, the council tax and business rates. The Mayor's Budget Guidance 2024/25 considers these risks to funding and presents a number of scenarios on the impact on the resources that may be available.

The Bank of England, like other Central Banks, has been raising interest rates to counter inflation and the fall in Sterling relative to the US dollar.

Higher interest rates impact on the LFC through the borrowing to support the capital programme. The LFC has been able to make use of capital receipts to fund the capital programme for several years, however these are now largely exhausted and so borrowing will now be required. At higher interest rates, this new borrowing will be at a rate higher than previously assumed and will add further pressure to the medium-term financial position as resources are set aside to repay the debt and meet the interest charges.

3 Background

On 14 July 2023 the Mayor issued his latest Budget Guidance setting out the GLA's estimates of the Group budgets for each functional body, covering the period to 31 March 2026 and has been issued to underpin the process of setting the 2024/25 annual budgets.

This Mayoral Budget Guidance includes estimates of business rates and council tax revenue and certain assumptions have been made in those estimates. The LFC is predominantly reliant on funding from the Mayor, and his decisions on distribution of business rates and council tax.

The Budget Guidance provides three scenarios of estimates of funding and requires functional bodies to use the “central scenario” in setting their budgets for 2024/25.

The Mayor takes decisions on the distribution of the GLA business rates and council tax income and it is therefore important that the LFC can demonstrate a strategic approach to its finances enabling the achievement of strategic objectives whilst at the same time delivering efficiencies.

4 London Fire Commissioner strategic priorities

Following development in 2022, on 1 January 2023, the London Fire Commissioner published a new strategy which sets out the strategic ambition for the Brigade for the next seven years. It is called *Your London Fire Brigade* and replaces the London Safety Plan 2017; it meets the requirements of Government’s Fire and Rescue National Framework for England to produce a Community Risk Management Plan (CRMP).

The CRMP pulls together the Brigade’s existing work as well as ideas for the future, so that there is one plan which sets out all the organisational priorities. The Plan incorporated outstanding actions to address findings from Phase One of the Grenfell Inquiry and the previous inspections by His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services.

It was developed prior to the publication of the Independent Culture Review, and results from the second full inspection by HMICFRS. This has meant that the strategy has had to be adapted in the light of those subsequent reports and may require further adjustment once the recommendations from the Second Phase of the Grenfell Inquiry are known. The overarching framework of the plan has not required amendment. It describes six services that the Brigade will provide to London, Londoners and visitor to London in response to the London Fire Commissioner’s Assessment of Risk 2022. Three of those services are long-established and encompass our work to help:

- Help prevent fires and other incidents from occurring.
- Ensure the built environment can protect people to enable them to escape should a fire or other incident occur.
- Respond to emergencies.

The Plan describes three newly defined services so that the Brigade can work more effectively with people so that they not only are safer, but they also feel safer. Those three new services are:

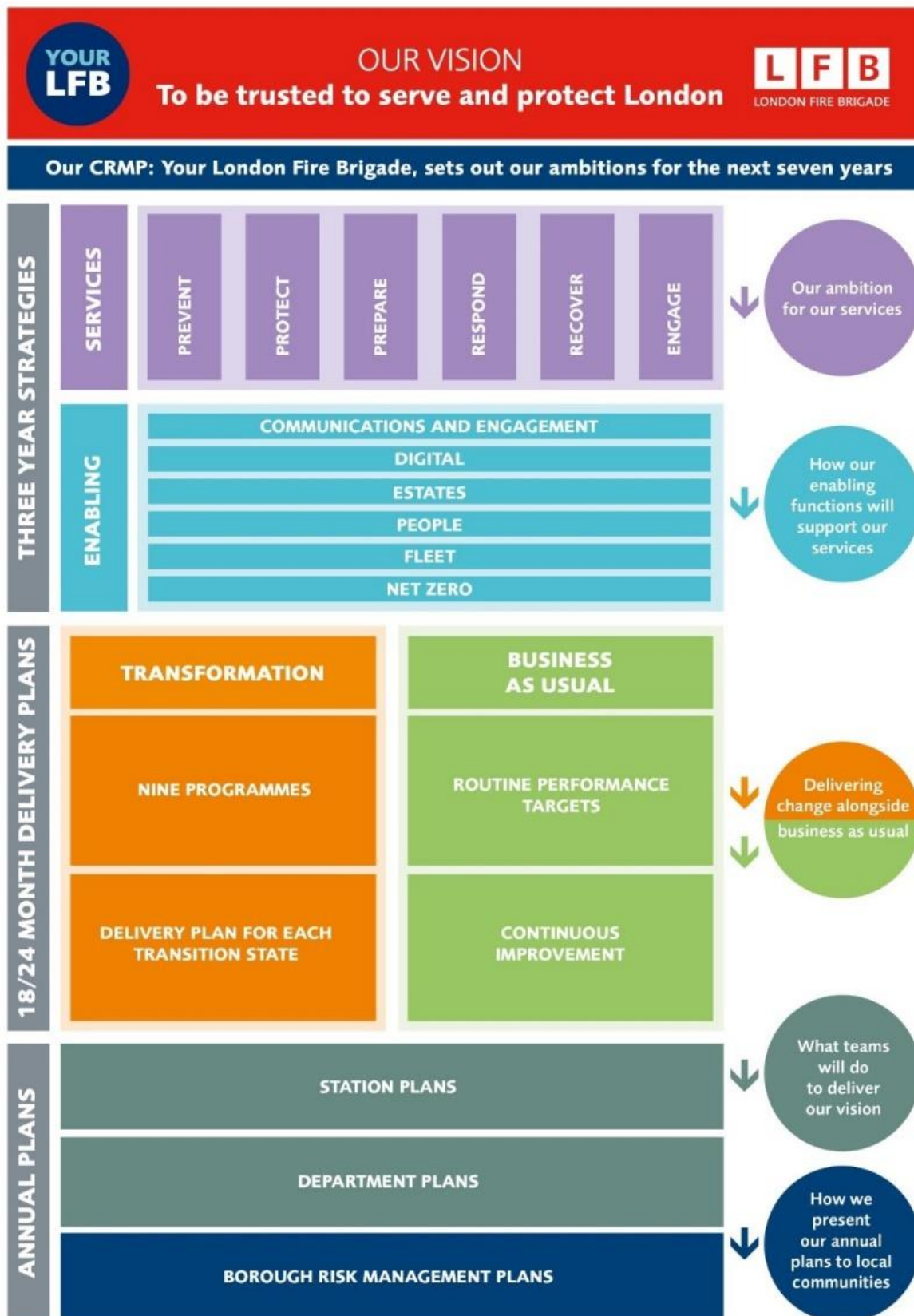
- Prepare – the Brigade will work with local communities so that they can be better prepared should an incident occur and take action to make themselves safer, prior to our arrival on scene.
- Recover – the Brigade will work with local communities providing advice and signposting people to ongoing support so that they can recover more quickly after an incident has occurred.
- Engage – the Brigade will work more closely with local communities and reach out to communities whose voices are seldom heard to understand their perceptions of safety and work in partnership with them to improve their safety.

The Plan also sets out the LFC’s ambition for transformation under eight commitments, which have been translated into programmes within the Brigade’s transformation portfolio of change. These are:

- Providing localised, risk-based services.
- Improving access to services.
- Adapting services in response to changing risk.
- Designing services that are responsive to community needs.
- Enabling people to be the best they can be.
- Aligning support services to meet the needs of front-line staff.
- Being more evidence-led.
- Building a safer future for all.

The Plan is supported by service strategies and actions are being translated into local plans at the

department, borough and station level, as set out in the figure overleaf.



This has facilitated a developing approach to delivering change and has informed the identification of programme-based budget requirements. Some of these are in addition to existing plans.

As with previous plans, the CRMP is not fully funded in advance; funding settlements for future years are uncertain and costs cannot be identified until detailed business cases have been developed. Additional resource requirements have been identified as part of these commitments and have been considered within programme investment bids as part of this budget process. These additional resources will include the financial impact of the work to achieve carbon net-zero by 2030. The GLA has also required that LFB clearly sets out the financial impact of achieving that in its budget submission.

Funding figures as set out by the Mayor represent increases in funding in each year, with an additional £23.0m provided in 2024/25, a further £19.0m in 2025/26 and a further £19.8m in 2026/27. To achieve the requirement for a balanced budget in 2024/25 the LFC has carried out a budget setting exercise to identify the savings required as set out in its Budget Submission to the Mayor.

5 The Strategy

Given the wider economic context and the significant transformation journey which the LFC is on, the Medium-Term Financial Strategy is based on the following key principles:

- The number of fire stations, appliances and firefighters are not reduced.
- Delivery of the Community Risk Management Plan.
- Appropriate investment continues to be made in transformation activity.
- Resources are available to meet the recommendations arising from both the Grenfell Tower and Manchester Arena Inquiries and also the improvement plan from the HMICRFS inspection.
- Adequate investment in core infrastructure is maintained.
- Appropriate resources set aside to deliver key strategies and priorities.
- Opportunities for innovative and modern ways working will be adopted as far as possible.
- Earmarked reserves will be maintained for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually.
- The LFC will ensure that it operates within its approved budget.
- The General Fund balance will be maintained at a sustainable level.

6 Assumptions

The mayor has proposed that the GLA and its functional bodies should assume for planning purposes that their allocation of discretionary income from the GLA for 2024/25 and future years is based on a 'central scenario'. As part of that central scenario:

- Business rates funding is assumed to increase by CPI inflation (estimated at 2%).
- Council tax Band D precept is assumed to increase by 2.99%.
- The Council tax base is assumed to increase by 1.5% a year.

The main assumptions in the MTFS are:

- Assumptions regarding staff pay and inflation in each year.
- Each post has pay progression until the top of the grade/operational competence is reached.
- Inflation is applied to other areas based on contractual requirements, linked to CPI, RPI and Average Weekly Earnings (AWE) as appropriate.

7 Medium-Term Financial Strategy 2024-2027

The Medium-Term Financial Strategy sets out the proposed revenue budget for the next financial year (2024/25) and financial forecasts for a further two financial years. The table below sets out a summary of the financial position in each of those years.

	2024/25	2025/26	2026/27
	£m	£m	£m
Operational Staff	314.8	324.5	334.5
Other Staff	74.6	76.7	78.9
Staff Related	42.0	42.7	46.7
Firefighter Pension Scheme	20.8	20.8	20.8
Premises	46.2	47.5	53.3
Transport	18.6	18.6	18.6
Supplies and Services	45.1	43.1	34.9
Third Party	1.3	1.3	1.3
Financing	15.8	21.0	25.6
Income	(54.5)	(56.3)	(57.2)
Savings still to be achieved	0.0	(5.9)	(16.4)
Net Revenue Expenditure Total	524.7	534.0	541.0
<u>Funding</u>			
Reserves (excl. BFR)	18.7	12.8	0.0
Budget Flexibility Reserve	3.8	0.0	0.0
Total – Reserves	22.5	12.8	0.0
Specific Grants	31.8	31.8	31.8
Budget – Mayoral Funding	470.4	489.4	509.2

8 Efficiency Plan

The Fire and Rescue Service National Framework for England provides for certain documents to be produced and this includes an Efficiency Plan.

The LFC published its first efficiency plan under the London Fire and Emergency Planning Authority (LFEPA) in 2016 covering four years to 2020.

To meet the ongoing requirement, the proposals set out in the LFC Budget Submission to the Mayor should be considered as the Efficiency Plan for the LFC covering the financial year 2024/25.

The LFC has a Value for Money (VFM) Principles Framework in place that is used to underpin the strategic priorities and inform future efficiency plans and budget setting.

These VFM principles have been adopted by the LFC's Investment & Finance Board. The framework includes:

- An outcomes-based approach to service delivery models to be adopted in line with the CRMP (Community Risk Management Plan) and the Target Operating Model.
- A Priority budgeting approach will be adopted in budget setting processes to ensure resources are aligned with key priorities and strategic objectives.
- Organisational structures will be reviewed to ensure they are fit-for-purpose in meeting statutory obligations but lean and efficient.
- Business processes and related systems will be reviewed to ensure that they are aligned with modern, best practice and seek to maximise the use of digital solutions.
- Maximisation of procurement benefits to drive out value-for-money in commercial contracts.
- Opportunities for collaboration with the GLA, the fire and rescue sector and other public sector bodies will be proactively sought.
- Early and proactive engagement with the unions will be undertaken on any potential pay awards.

This is not an exhaustive list but gives an indication of the LFC's approach to delivering value for-money and efficiency savings. These VFM principles will be updated to reflect the further proposals to strengthen financial controls and efficiencies set out in this Budget submission.

Section 3.31 of the main budget submission sets out the outcomes of previous and ongoing efficiency reviews, strengthened processes for business cases, aligning investments to strategic priorities. LFB have to submit an annual return to the National Fire Chiefs Council (NFCC) on its efficiency and productivity plan, with key targets of 2 per cent of non-pay efficiencies and increase productivity by 3 per cent by 2024/25. Across 2022/23 – 2024/25 the LFB submission included an average of 6.9 per cent of non-pay efficiencies which is well above the target set.

On productivity of staff, this is not an easy issue to measure accurately or consistently across services. Nevertheless, we are continually looking to improve productivity. For example, firefighters now carry out targeted and specific visits to triage lower risk premises to enable Inspecting Officers to focus on higher risk premises, and increases our reach into the business community. Our proposed change to the way we respond to Automatic fire alarms (AFAs) would allow us to spend more time on protection work, such as fire safety checks in homes and businesses, as well as operational training. It will also reduce the risk to the public through fewer 'blue light' emergency responses. More broadly, the new set of KPIs linked to the CRMP that we have published will enable us to better understand and improve our productivity across a range of disciplines.

9 Reserves

As part of our statutory obligations, the LFC Chief Finance Officer (currently Director of Corporate Services) must consider the level of reserves needed to meet estimated future expenditure when calculating the budget requirement.

As part of the budget setting process, the CFO must provide a statement on the adequacy of reserves that is subject to an external audit review to assess value for money and a going concern opinion. This will be form part of the final March budget submission. The LFC's policy on reserves is contained within the MTFS principles highlighted above and are as follows:

- Due to the large number of risks regarding cost inflation the requirement to maintain its general reserve at a minimum of 3.5% of net revenue has been reviewed by the CFO. (Director of Corporate Services). It has been deemed appropriate to keep it at this rate, given the pressures already included within the MTFS planning assumptions and the reserves positions held within Budget Flexibility Reserves.
- The LFC will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.

- The LFC will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities.
- A specific Budget Flexibility Reserve will be earmarked and maintained to smooth the delivery of efficiencies.
- The use and level of earmarked reserves will be reviewed annually by the CFO who will give an opinion on their adequacy.

10 Financial Risks

Firefighter and Local Government Pension Schemes

The pensions schemes provided by the LFC present significant financial challenges.

The pensions remedy that impacts all public sector pensions has a particularly significant impact of the Firefighter Pension Scheme, with the remedy to address the unlawful transitional protection impacting significant numbers of LFC staff. Managing the remedy and its implementation is expected to have significant financial impact for the LFC, with the impact on future employer pension contribution rates expected to be much clearer following the next scheme valuation.

Pay and Inflation

The MTFS includes an assumption of a 3 per cent pay award for 2024/25 for all staff. The pay award assumption in all subsequent years remains at the standard 2 per cent level. This assumption will be reviewed as part of the 2024/25 pay negotiation process and taking into account inflation, affordability and other factors. In addition to this, role-based allowances will add an additional pressure of approximately £2.5m per annum in pay-related costs on an ongoing basis.

Property and equipment costs

There is also a risk with the costs of property rents, particularly in central London, that could impact on future lease agreements/reviews. On the income budget, it has also become more challenging finding tenants and therefore a potential risk for the brigade.

Capital Expenditure and Financing

The capital budget can be subject to change during the year and any re-phasing or deferral due can also impact on funding requirements which in turn may have a debt charge (cost of borrowing) revenue impact.

The capital programme is currently proposed to be funded by a mixture of capital receipts and borrowing and the associated debt costs have been calculated using the current forecast Public Works Loans Board (PWLB) rates. Actual borrowing rates and resulting costs may be different.

A risk exists in relation to meeting the emission reduction targets for 2030 (Ultra Low Emission Fleet (ULEF) programme) for the replacement vehicles and associated equipment in that the technology and infrastructure, if available at all, may be more costly than existing vehicle technology, leading to additional capital financing costs. Existing vehicles may need to be replaced earlier than their expected replacement date, bringing forward capital expenditure.

More widely, the programme to achieve Carbon Net Zero by 2030 carries significant investment which is currently not fully funded and would therefore require additional external borrowing and therefore debt charges which would again impact on the ability of LFC to achieve a balanced budget without making savings.

Funding from the Mayor and Central Government

This report includes the Mayor's indicative funding allocations for LFC for planning purposes covering the next three financial years. However, there is significant uncertainty about the level of funding for future

years due to a number of risks on the funding available to the Mayor, through retained business rates and the council tax, as well Government decisions on funding, including the spending/fair funding reviews. The MTFS has been formulated using the central scenario totals set out in the Mayor's Budget Guidance 2024/25 but there is a risk that actual funding could be lower.

Key operational systems

The Home Office will replace the existing Airwave contracts as part of the delivery of the Emergency Services Network (ESN). Existing contracts are subsidised, and the Home Office has provided assurance this subsidy will remain for the term of the Airwave Contract.

There could be significant financial pressures to LFC under any new contract provision for ESN as the Home Office may be unwilling to continue to subsidise a future system. LFC budget plans include a saving for disbanding the ESN project team and whilst Emergency Services Mobile Communications Programme (ESMCP) have not yet issued a revised project timeline to deliver ESN, from what is known it will be 2024 at the earliest before the LFC can transition to the new system. Once a credible date is available from the Home Office for the LFCs transition, the budget plans will be updated accordingly. The LFC currently holds an earmarked reserve against any anticipated costs of this work.

Other risks

Significant demand continues to be placed on the Information and Communications Technology Department to meet new requirements and aid in the development of smarter systems for the LFC. This is at a time where resources are limited and as a result there is a risk that development of information technology solutions may be constrained.

Price increases are being considered by Thames Water which could affect the Water Team budget in Procurement. It is still subject to further discussions with the supplier and the cost impact is currently being refined.

Telecommunications income in respect of radio masts may be reduced in the future due to a reduction in the number of operators in the industry, as well potential change to legislation impacting on the ability to raise income.

The saving proposals include material savings for income generated through the (Metropolitan Fire Brigade) MFB Act. This budget has recovered increased budgets approved in recent years; however uncertainty remains on the extent to which increase in this income may continue.

Legal costs

Whilst the LFC has insurance to cover legal costs in relation to legal claims, there is always the risk that there are legal costs which are not covered by the existing policies and/or insured amounts.

11 Conclusion

The review of the MTFS has been undertaken against a backdrop of significant funding uncertainty and during a period of national and global economic instability.

The LFC has been through a period of significant external scrutiny which has resulted in a significant transformation journey. It is important, therefore, that the Medium-Term Financial Strategy can support not only business-as-usual activity but also investment in its transformation activity.

The MTFS and plans as presented demonstrate that the LFC is financial sustainable although will need to continue to focus on efficiency in its service delivery.

Appendix 3**Budget Savings 2024/25 (as part of last year's budget process to be delivered)**

Directorate	Department	Savings Title	Savings Description	2024/25 Saving £'000	2025/26 Saving £'000
Corporate	Property & TSS	EMS	Equipment Management Systems		(69)
Corporate	Finance	Efficiencies	There are two projects underway to replace the LFCs HR and Payroll System and the Finance System. It is anticipated that the implementation of the new systems is likely to deliver efficiencies which will be identified in a review of the staffing resources and work processes.	(40)	(80)
Corporate	Finance	MFB Income	Increase in MFB Act Income due to inflationary pressures.	(531)	(1,062)
Corporate	Information & Communication Technology	Incident Command Operating System	Incident command operating system annual support contract costs. This saving follows a successful tendering exercise, which resulted in increased costs at the start of the contract then ingoing savings in subsequent years	(10)	(10)
Corporate	Information & Communication Technology	Finance System Replacement	Changes expected to arise from the project along with the full examination of the options for collaboration with partners.	(113)	(113)
Corporate	Procurement & Commercial	Main Contractors	Write to our main contractors and ask for savings proposals. In lieu of current proposals. This could result in a change to the operating model of performance regime. We would ask the contractors to provide ideas where minor changes to the operating model could lead to additional savings. The savings proposed are 2.5% of the annual service charge. These targets could be flexed but it was felt this represent an achievable target without fundamentally changing the service provision.	(292)	(292)
Corporate	Procurement & Commercial	Lease Car Scheme	Replace the Lease car scheme with alternative – this is now under review	(92)	(127)
Corporate	Procurement & Commercial	Water Team	Extend the Water Team Function to offer a hydrant inspection service to private landlords (new income source).	(10)	(20)
Corporate	Procurement & Commercial	Accident Cost Recovery Income	Third Party Accident Cost Recovery (income)	(40)	(40)
Corporate – Total				(1,128)	(1,813)
People	People Services	Recruitment Advertising	Saving on Budget for recruitment advertising	(8)	(8)

Directorate	Department	Savings Title	Savings Description	2024/25 Saving £'000	2025/26 Saving £'000
People	People Services	Cross Departmental savings following People Restructure	Savings across LFB formed as part of an initial budget submission is 2022/23, but re-phased to align with delivery of People Services Review.	(300)	(600)
People	Learning & Professional Development	Removal of PDR	Remove electronic Performance Development Reviews and focus entirely on the apprenticeship programme for achieving competence as a firefighter. This will enable a range of benefits including allowing for more effective and efficient development. This cost primarily relates to Station and Group Commanders (Cost in 23/24 reducing in future years)	(289)	(296)
People - Total				(597)	(904)
Operational Prevention, Protection & Policy	Operational Policy	RPE Team	Planned removal of Respiratory Protection Equipment Team following completion of project. Previous savings proposal for 2023/34. Due to slippage of the project the anticipated saving can no longer be realised in 2023/24. It is now expected to be achieved in 2024/25.	(355)	(355)
Operational Prevention, Protection & Policy	Fire Safety	Staffing	Delete the Apprentice posts (once returned to establishment).	(121)	(121)
Operational Prevention, Protection & Policy	Fire Safety		Convert up to 3 SC TL posts to FRS E - delivery is dependent on Officer Review	(90)	(90)
Operational Prevention, Protection & Policy	Operational Resilience	Ballistic Protection	Temporary Investment required in 2023/24 to complete project and therefore base funding from 2024/25 no longer required.	(146)	(146)
Operational Prevention, Protection & Policy - Total				(712)	(712)
Savings - Total				(2,437)	(3,429)

Appendix 4**New Budget Savings 2024/25**

Directorate	Department	Savings Title	Savings Description	2024/25 Saving £'000	2025/26 Saving £'000	2026/27 Saving £'000
Communications	Communications	Team budgets	Efficiencies will be achieved by reducing spend accordingly across non-staffing budgets where we are not contractually obligated to make payments to suppliers during that period.	(55)	(55)	(55)
Communications – Total				(55)	(55)	(55)
Corporate	Finance	Implementation of Salary Sacrifice for LGPS Pension AVCs	LFB FRS staff can currently pay Additional Voluntary Contributions (AVCs) into their LGPS pension. Under a salary sacrifice scheme an employee will save Income Tax but and National Insurance Contributions. The LFB would also then save 13.8% employer Class 1 NIC on the employee contribution through the reduced employee's pay. On the current take up of AVCs a saving of £15k could be achieved.	(15)	(15)	(15)
Corporate	Finance	Review of Salary Sacrifice for Electric Vehicles (EVs)	It is proposed to consider a salary sacrifice scheme for all staff for them to be able to purchase an electric car. Under a salary sacrifice scheme an employee will save Income tax and National Insurance Contributions through paying for the EVs from gross pay. The LFB will also save 13.8% employer Class 1 NIC on the employee contribution through the reduced employee's pay. For example, on an assumed £10k pa cost of a £50k EV this would equate to a saving of around £1.4k. This is scalable, depending on take up e.g. 10 EVs = £14k, £76k = circa 56 (approx. 1% of workforce) saving used for this budget saving proposal. Other benefits would include helping with recruitment and retention of staff and	(76)	(76)	(76)

Directorate	Department	Savings Title	Savings Description	2024/25 Saving £'000	2025/26 Saving £'000	2026/27 Saving £'000
			helping with LFB's green agenda ambitions.			
Corporate	Finance	Salary Reduction - Payroll	A saving of 1 x FRS B Payroll post (vacant)from the loss of the GLA payroll shared service	(40)	(40)	(40)
Corporate	Finance	Delay in system implementation efficiency savings	Savings had previously been identified in the 2024/25 and 2025/26 budget due to efficiencies resulting from the projects to implement a new HR & Payroll System and a new Finance system. Both of these projects have had significant delays, so the previously identifiable savings need to be delayed for a further year.	0	0	(80)
Corporate	Information and Communication Technology	Mobile Phone Contract	The new provider has realised savings.	(189)	(189)	(189)
Corporate	Information and Communication Technology	Mobile phone replacements	Change in approach to only replacing defective devices.	(51)	(51)	(51)
Corporate	Property & TSS	Operational Equipment	Commitments for the next few years as noted in Briefing Papers however some budget available. Post inventory management.	0	0	(10)
Corporate	Property & TSS	Protective clothing	A conservative review was undertaken to assess the amount of PPE required in the OSG. It is expected that leasing the decontamination machines may reduce this further however it is too early to substantiate this.	0	(100)	(100)
Corporate	Procurement & Commercial	Scientific Services Contract - Attendance Times	Remove the provision of blue light attendance by Bureau Veritas (BV) and restrict the service to an office hours only based operation. This proposed removal of blue light attendance could also reduce insurance costs and some vehicle costs.	(400)	(400)	(400)
Corporate	Property & TSS	Review of contract	Contract is out to tender with expected savings generated.	(5)	(5)	(5)

Directorate	Department	Savings Title	Savings Description	2024/25 Saving £'000	2025/26 Saving £'000	2026/27 Saving £'000
Corporate	Property & TSS	Fuel	A reduction in the number of diesel vans in the department from 5 down to 1, releasing savings.	(5)	(5)	(5)
Corporate	Property & TSS	Removals	This budget can be removed. Demand in recent years has dropped as removals are largely managed as part of overall projects. Future removals will need to be covered as part of projects, funded by local budgets, or addressed as part of the small works budgets.	(35)	(35)	(35)
Corporate	Property & TSS	Compliance & Audit professional services planned	Due to the restructuring of the department and introduction of the technical assurance team and FM audit process, the services for compliance and audit have been amended as part of the new contract that is being procured to generate savings.	(150)	(150)	(150)
Corporate	Property & TSS	Fixtures & Fittings	This budget can be removed. It was used by the Access and Workplace team for HQ and demand for this has reduced. Any future requirements will be funded from the small works budgets.	(4)	(4)	(4)
Corporate	Property & TSS	Reactive Refuse Collection	Following completion of the big station clean, it is anticipated that demand for this budget will reduce due to better housekeeping.	0	(10)	(10)
Corporate	Property & TSS	Office Equipment	50% of the budget being offered as a saving due to reduced use of Union Street, spend has been monitored and this further saving can be offered from this budget.	(3)	(3)	(3)
Corporate	Property & TSS	Office Furniture	35% of the budget is being offered as a saving due to reduced demand. This budget is used to support DSE requests for additional furniture and spend has been monitored and this further saving can be offered from this budget.	(2)	(2)	(2)
Corporate	Property & TSS	HGV Licenses	A review has confirmed no further requirements for this budget so it can be removed.	(2)	(2)	(2)

Directorate	Department	Savings Title	Savings Description	2024/25 Saving £'000	2025/26 Saving £'000	2026/27 Saving £'000
Corporate	Property & TSS	Consumables Peripherals	This budget can be removed. Any spending will be captured as part of consumables printing.	(1)	(1)	(1)
Corporate - Total				(978)	(1,088)	(1,178)
Operational Preparedness & Response	London Resilience Group	Increased COMAH cost recovery	We forecast receipts/COMAH income will be c.£80,000 in 2023-24 and in 2024-25. This is an increase from the current £45,000 income budget, therefore representing a £35,000 efficiency saving.	(35)	(35)	(35)
Operational Preparedness & Response	Operational Resilience & Control	Offset savings against income generated by NILO, 911 course & NCLO course	OR & C are unable to provide post savings however can offset 65K per annum in income generated by the NILO course, NCLO course and the 911 course per year.	(65)	(65)	(65)
Operational Preparedness & Response	Fire Stations	Additional income	Shut in Lifts	(236)	(236)	(236)
Operational Preparedness & Response - Total				(336)	(336)	(336)
Operational Prevention, Protection & Policy	Operational Policy	NOG	The investment in 25/26 as part of the 23/24 budget process is no longer required as it is expected the implementation period will be completed by the end of 2024/25	0	(297)	(297)
Operational Prevention, Protection & Policy	Health and Safety	Staff training and continuous professional development - reduction in available departmental funds	The department maintains a budget for staff training and continuous professional development because of the high burden on training and CPD for the departmental staff, who require to be trained in general health and safety qualifications (operational and junior staff) and to maintain professional expertise in specific areas (e.g. noise and vibration assessment) and for general CPD for professional staff. This budget could be reduced but it would	(17)	(17)	(17)

Directorate	Department	Savings Title	Savings Description	2024/25 Saving £'000	2025/26 Saving £'000	2026/27 Saving £'000
			potentially have an impact on training and development of departmental staff.			
Operational Prevention, Protection & Policy - Total				(17)	(314)	(314)
Savings - Total				(1,386)	(1,793)	(1,883)

Appendix 5**Budget Investments 2024/25 (as part of last year's budget process to start in 2024/25)**

Directorate	Department	Investment Title	Investment Description	2024/25 Investment £'000	2025/26 Investment £'000
Operational Prevention, Protection & Policy	Operational Policy	Gas Detection	Purchase and replace existing gas detection monitors at the end of product life cycle on all front-line pumping appliances.	65	0
Operational Prevention, Protection & Policy - Total				65	0
Investments - Total				65	0

Appendix 6

Community Risk Management Plan (CRMP) Investments 2024/25

CRMP Programme	Investments Title	Investments Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
Programme 1 – Total		It is expected the requirements of this programme can be met by the data platform or OneRisk projects but this will be reviewed again next year.	0	0	0
Programme 2/4	Home Fire Safety Checker campaign	A year-long campaign to promote the Home Fire Safety Checker and meet our performance KPI. Supported by specialist training for LFB staff	45	0	0
Programme 2/4	Chatbot pilot	Develop and pilot an interactive chatbot-style tool that provides tailored advice to the public.	50	0	0
Programme 2/4	Integrated digital channels scoping	Project to scope the work required to meet the outcomes of the initiatives of future transition states of the CRMP.	50	0	0
Programme 2/4	Website operations and maintenance	LFB website operations and maintenance	200	0	0
Programme 2/4	Website accessibility	Maintain and improve the accessibility of the LFB website and specialist software	30	30	30
Programme 2/4	Tailored initial point of contact	A Year-long campaign to provide people with tailored information so that they are informed before an incident and are able to provide us with the information they need before contacting us.	10	0	0
Programme 2/4	Social listening	Creation and development of a social listening service that informs our engagement with communities and the general public (including businesses)	30	30	30
Programme 2/4	Self-Service	Self-service capabilities across channels	100	0	0
Programme 2/4 – Total			515	60	60
Programme 3	Research & Organisational Learning	The provision of a research capability to translate LFB's Annual Assessment of Risk and Organisational Learning into operational policy, capability and safe systems of work.	509	509	509
Programme 3	Supporting Corporate Projects	Technical support for command units	225	225	225

CRMP Programme	Investments Title	Investments Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
Programme 3	Enabling	Procurement – Support to One Risk Project	261	261	0
Programme 3 - Other			995	995	734
Programme 3 – Modern Firefighter	Modern Firefighting	The provision of a modern Firefighting Strategy to uplift operational firefighting capability to becoming in line with NOG, Firefighter Core Competencies, and the London operational risk profile (Risk Register OP9) This encompasses PPV and Fogspikes	4,900	6,400	8,000
Programme 3 – Modern Firefighter	Programme Mgt Costs	Programme Mgt Costs Deliver the Programme objectives across all transition stages	233	233	233
Programme 3 – Modern Firefighter	Enabling Support	Enabling support costs to Property & TSS to support initiatives that cannot be found from BAU resource.	170	170	170
Programme 3 – Modern Firefighter			5,303	6,803	8,403
Programme 3 - Total			6,298	7,798	9,137
Programme 5		Uniform and Clothing	500	1,500	0
Programme 5	<u>Enabling</u>	Procurement – Lead on Clothing Procurement Projects	95	95	
Programme 5		Leadership model of trust - leadership training & events	910	910	910
Programme 5		Staff increase to support talent strategy and increasing apprenticeship model for the Brigade.	432	432	432
Programme 5		Programme Operating Costs - Travel, events, consultancy, comms	125	125	125
Programme 5		Leading Culture Conversations	200	0	0
Programme 5	Enabling Support	Enabling support costs to Property & TSS to support initiatives that cannot be found from BAU resource, including station clean up costs in 24/25.	176	26	26
Programme 5		Enhanced DBS Checks	167	78	78
Programme 5		U&C: Blue shirts	110	0	0
Programme 5		Quality assurance of HFSVs	100	0	0
Programme 5		Safety First Culture in High Resilience Organisation	20	0	0

CRMP Programme	Investments Title	Investments Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
Programme 5		Advisory Board	15	15	15
Programme 5 - Total			2,850	3,181	1,586
Programme 6	Discovery Review	Streamlining and automating high volume, transactional activities for improved productivity and capacity for frontline staff. Discovery review of enabling services	300	0	0
Programme 6 - Total			300	0	0
Programme 7	Data Platform	2 x FRS Fs for data platform and value led KPI definition work streams.	175	175	175
Programme 7 - Total			175	175	175
Programme 8	NOG	As per the NOG implementation report, a request to build in an additional £358k to the 24/25 budget process. This is to replace the previously expected drawdown on the budget flexibility reserve (BFR)	358	0	0
Programme 8	HVO fuel	Additional cost of HVO fuel compared to diesel	170	170	170
Programme 8	Solar PV installation	Solar assessment by consultant	30	0	0
Programme 8	Salix HDP	Heat decarbonisation plans for property. This is required for consultancy to prepare Salix applications and for building CNZ requirements	30	30	60
Programme 8	Telematics	Fleet vehicle telematics project	0	200	100
Programme 8 – Total			588	400	330
Programme 9		Additional Business Change Management resource identified above the central allocation to deliver the change activities	50	0	0
Programme 9		Development and delivery of business case training (to support achieving outcome on value-led assessment for portfolio management)	10	5	5
Programme 9		Development and implementation of automated reporting (to support outcome of project 5 “portfolio management”)	10	5	0
Programme 9		Development of an innovation hub (to support achieving outcome of project 4 “agile change delivery”)	10	10	10
Programme 9		Development and delivery of change (training) “bootcamps” (to support	5	5	5

CRMP Programme	Investments Title	Investments Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
		achieving outcome of project 3 “embedding a change culture”)			
Programme 9		Additional 2 x FRS D to help support programme delivery	117	117	117
Programme 9 - Total			202	142	137
CRMP Investments - Total			10,928	11,756	11,425

Appendix 7**Departmental/ Business As Usual (BAU) Investments 2024/25**

Directorate	Department	Investment Title	Investment Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
Communications	Communications	Team Structure	To create a new post in the Establishment for the continuation of a currently temporary staff officer post.	95	95	95
Communications	Communications	Consultation	To operate two consultations a year	70	70	70
Communications	Communications	Team Structure 2	Creating a permanent transformation communications manager (post currently fixed term), to reflect the long-term resource requirement	70	83	83
Communications	Communications	Rota and overtime funding	Creation of an overtime fund to support the availability to the press office group, bringing LFB in line with other public sector bodies and greater flexibility and support working.	68	68	68
Communications	Communications	History of LFB film	Film showcasing the history of LFB to be used across channels	50	0	0
Communications	Communications	Translation and interpretation	Dedicated fund for translation and interpretation services which does not currently exist.	30	30	30
Communications	Communications	Community Engagement	To uplift Community Engagement delivery budget	20	20	20
Communications	Communications	Travel	More effective travel plan, allowing for a fixed allowance consistent with delivery and expectations of role requirements.	7	7	7
Communications – Total				410	373	373
Corporate	Finance	Loss of GLA Payroll Shared Services	The GLA payroll was previously provided by LFB but has now been moved to another provider resulting in a loss of the additional income for the service.	62	62	62

Directorate	Department	Investment Title	Investment Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
Corporate	Finance		Savings had previously been identified in the 2024/25 and 2025/26 budget due to efficiencies resulting from the projects to implement a new HR & Payroll System and a new Finance system. Due to changes in system implementation, savings need to be deferred but still be delivered overall by 2026/27.	40	40	0
Corporate	General Counsel	Independent Culture Review	External cost pressures in relation to Independent Culture Review	150	0	0
Corporate	Information and Communication Technology	Desktop Licensing	Microsoft 365 licenses - Provide common desktop licensing to all staff (Microsoft Office) – currently, station staff have a lower cost version which prevents efficient working.	409	409	409
Corporate	Information and Communication Technology	Reasonable Adjustments for Staff	Investment in accessibility and reasonable adjustments (meeting our legal obligation and treating staff equally in line with our Independent Culture Review commitments) – active life cycle management for devices, software, and user support.	405	405	405
Corporate	Information and Communication Technology	Data Backup Integrity	Cyber security - Modernised backup solution (recovery from a cyber-attack)	400	400	400
Corporate	Information and Communication Technology	Cyber Defense	Security Information Event Management (SIEM) solution - gives security analysts full visibility of logs ingested from many sources/systems through a single dashboard, greatly improving capability to detect and manage actual or suspected security incidents.	230	230	230
Corporate	Information and	Supporting Users to	Increased Systems Support - an FRS E post to do	57	57	57

Directorate	Department	Investment Title	Investment Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
	Communication Technology	use Systems	user guides, admin guides, video how-to's, etc. for all systems. Maybe even station/area visits from time to time.			
Corporate	Procurement & Commercial	Department Transformation	Specialist Procurement Project/Programme Manager to support the Procurement Improvement Roadmap for 12-month period. Initial 6 months will fall immediately within FY23/24 with a further 6 months required in FY 24/25.	105	0	0
Corporate	Procurement & Commercial	Department Restructure	Additional support to the Department with Enabling Services to ensure the correct ratio of Senior Resource is focusing on Strategy, Influence and leadership oversight of Team and Projects to maximise delivery outcomes and adequately equipped to make informed choices, decisions and reporting.	100	100	100
Corporate	Procurement & Commercial	Department Restructure	Additional role as part of the re-purposed Performance & Assurance (Business Enablers) team to deliver department wide analysis, reporting and planning data and ensure the provision of a high-quality service as a modern and professional Procurement function.	83	83	83
Corporate	Procurement & Commercial	Department Transformation	Procurement Training	30	30	30
Corporate	Property	Gym Equipment	Additional cost pressures identified due to expiry of existing contract upon renewal	18	18	18
Corporate	Property	Lambeth River Boat Station	Maintenance costs	125	0	0
Corporate - Total				2,214	1,834	1,794
Operational Preparedness &	Learning & Professional Development	FFD Implementation	Increase in establishment to support future delivery model and FFD risk controls.	2,989	2,010	2,010

Directorate	Department	Investment Title	Investment Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
Response		Team				
Operational Preparedness & Response	Learning & Professional Development	Training Operations: Major Change	Investment required as part of change in the Incident Command training model, equating to an increase in course requirement for acquisition and revalidation at command levels 1 - 4.	582	619	656
Operational Preparedness & Response	Learning & Professional Development	Internal Quality Assurance Team	The implementation of a training assurance team, following framework development, to monitor and evaluate products and/or services associated with internal and external training, including the assurance and monitoring of Babcock training delivery against legislation, policy and National Occupational Standards.	0	0	550
Operational Preparedness & Response	Learning & Professional Development	FFD Delivery Model	To account for the current in year position due to future changes to the programme, most notably moving from 11 weeks to 15 weeks.	526	578	515
Operational Preparedness & Response	Learning & Professional Development	Training Operations: Staffing	Transition from temporary to establishment roles. This ensures the correct number of personnel to respond to the demands of LFB. This will also allow for the team to develop processes and practices that future proof the process of managing training.	0	0	371
Operational Preparedness & Response	Learning & Professional Development	Operational Training Support Team (OTST) Building Acquisition	The purchase or lease of an appropriate training facility for operational training exercises in support of modern firefighter capability.	0	0	300
Operational Preparedness & Response	Learning & Professional Development	Operational Training Support Team (OTST)	Increase to staffing levels (currently 2 x SC) to support continuation of high-rise exercises and the development of further exercises to support DaMOP and the evolving modern firefighting	0	0	630

Directorate	Department	Investment Title	Investment Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
			model.			
Operational Preparedness & Response	Learning & Professional Development	Training Change - Competency Framework System	The procurement or development of a system to monitor competency levels and track skills requirements at all levels of the organisation to maintain compliance and firefighter safety. There is also a need to support the longer term embedding of the appraisal process and its ability to automate and draw information from other platforms and data sets, which may benefit from an enhanced system.	220	233	233
Operational Preparedness & Response	Learning & Professional Development	Training Change - Competency Framework Development	The creation of established posts that are currently performed through the use of temporary secondments or use of operational personnel.	0	0	167
Operational Preparedness & Response	Learning & Professional Development	Training Operations: Helpdesk incl. out of hours	Reestablishing the helpdesk function as part of LPD customer satisfaction KPI and as a control measure for the delivery of the training plan to maximise delegate throughput and training unit utilisation.	4	4	4
Operational Preparedness & Response	Learning & Professional Development	Modern FF & Training	Overall support to deliver key outcomes of Modern Firefighting and Training investments.	65	65	65
Operational Preparedness & Response – Modern Firefighting				4,386	3,509	5,501
Operational Preparedness &	Fire Stations	Staffing	Additional roles for Quality assurance and management for new home fire safety visits	125	125	125

Directorate	Department	Investment Title	Investment Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
Response			approach			
Operational Preparedness & Response	Fire Stations	Station Open Day	Open day funding across all stations	26	26	26
Operational Preparedness & Response	Fire Stations	PPE	Reserve PPE - River Boat Station	12	0	0
Operational Preparedness & Response	Operational Resilience	Grant reduction	Recognition of grant reductions	139	139	139
Operational Preparedness & Response	Health & Safety	Safety Event	Due to ongoing pressures within the general management of the safety event reporting database (provided by Sphera) and ongoing concerns regarding the poor quality of safety event investigations and monitoring of investigation outcomes there is a requirement to maintain one post in here that was previously provided as a saving.	35	35	35
Operational Preparedness & Response - Other				337	325	325
Operational Preparedness & Response - Total				4,723	3,834	5,826
Operational Prevention, Protection & Policy	Operational Policy	Immediate Emergency Care	To provide the delivery of Immediate Emergency Care (Medical Intervention & Governance) as aligned to National Operational Guidance, the recommended outcomes of the Manchester Arena Inquiry, the Firefighter core competency framework, and assurance against the clinical governance provided by London Ambulance	160	262	262

Directorate	Department	Investment Title	Investment Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
			Service.			
Operational Prevention, Protection & Policy	Operational Policy	Policy Writing	The provision of 2 FRS Technical Editors to sustainably uplift the policy writing skill capability.	154	154	154
Operational Prevention, Protection & Policy	Operational Policy	Project Management	The provision of 2 FRS Project Managers to sustainably uplift the efficiency and effectiveness of OP&A's project delivery.	154	154	154
Operational Prevention, Protection & Policy	Operational Policy	Heatwave Management	LFB enter into a pilot to prove concept for the use of long wheelbase 4x4 crew cab vans for responding to extreme weather events creating an Extreme Weather Vehicle	150	0	0
Operational Prevention, Protection & Policy	Prevention and Protection	HFSV Software	HFSV Software development	150	0	0
Operational Prevention, Protection & Policy	Prevention and Protection	Staffing	Increase by 1 Station Commander Post – Prior years had reduced establishment by greater than envisaged.	86	86	86
Operational Prevention, Protection & Policy	Prevention and Protection	Primary Authority Partnerships Advisory Services Income Reduction	Reduce income figure for Primary Authority Partnership Advisory Income.	85	85	85
Operational Prevention, Protection & Policy	Prevention and Protection	Savings	Partial revision of prior year saving due to establishment requirements.	47	47	47
Operational	Prevention and Protection	Petroleum Special	Reduce income of Special Services/Collections	15	15	15

Directorate	Department	Investment Title	Investment Description	2024/25 Investment £'000	2025/26 Investment £'000	2026/27 Investment £'000
Prevention, Protection & Policy		Services/Collections Income Reduction				
Operational Prevention, Protection & Policy - Total				1,001	803	803
People	People Services	Occupational Health	Identification of one-off increased costs to deliver Occupational Health Services whilst we re-tender for longer term service	285	0	0
People				285	0	0
Transformation	Business Services	Additional staff investment	Investment in 2 additional FRS staff in Business Services	152	152	152
Transformation	Business Services	Training investment	Investment in training budget for Business Services	18	18	18
Transformation - Total				170	170	170
Investments - Total				8,803	7,014	8,966

Appendix 8

Capital Strategy

LFC Capital Strategy 2023/24 and beyond

Description

Capital is defined as all expenditure not directly included in the annual revenue budget (General Fund) and generally results in a new or enhanced asset or investment held on London Fire Commissioner's (LFC) balance sheet.

All capital expenditure must comply with the Capital Strategy. The Capital Strategy brings together detailed policies, procedures and plans relating to existing land and building related assets and treasury management transactions and applies to the General Fund.

The Capital Strategy forms an essential part of the LFC's integrated revenue, capital, and balance sheet planning. It aligns to the Medium-Term Financial Plan (MTFP), and the Annual Revenue Budget.

The Capital Strategy also provides a framework by which capital expenditure decisions are made as required by the CIPFA Prudential Code for Capital Finance in Local Authorities and LFC to provide good governance.

It should also be noted that whilst this is a capital strategy, it also applies to all expenditure of a revenue nature relating to land and buildings, such as asset maintenance and planned asset development programmes where significant revenue expenditure is incurred in the revenue budgets.

Intention

1. The Capital Strategy has been developed in accordance with the CIPFA Prudential Code (2018 edition) to ensure that all amounts borrowed by London Fire Commissioner's (LFC) are affordable. The Capital Strategy outlines the LFC's approach to capital investment decisions and priorities, ensuring that it is in line with corporate priorities. These priorities are set out in the London Safety Plan (LSP), and the Community Risk Management Plan (CRMP) which came into effect on 1 January 2023. This superseded the Transformation Delivery Plan (TDP) from 2020, in which the Commissioner set out the purpose, vision and priorities for the Brigade. The CRMP has been built on this and set out the Brigade's ambitions for the next six years.
2. The Capital Strategy supports the Brigade and it is intended to give a high level overview of how the capital expenditure and capital financing contribute to delivery of services and its purpose as an organisation trusted to serve and protect London, and delivery of the Mayor's priorities.
3. The LFC Capital Strategy and capital programme covers a more detailed outlook set over a five-year timeframe. The Strategy does however include a longer-term vision, a forward look at those projects that are likely to run beyond the five-year strategy and programme period or be initiated subsequently. This covers a timeframe for the 15 years from 2028/29 to 2042/43. The format of the Capital Strategy complies with the Prudential and Treasury Management Codes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
4. The Capital Strategy sets out a framework for the management of capital finance and along with the LFC Treasury Management Strategy covers the following areas:
 - a. Capital Expenditure and Investment Plans;
 - b. Prudential Indicators;
 - c. External Debt; and
 - d. Treasury Management.

5. The Capital Strategy addresses the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, which sets out a requirement for local authorities to produce a Capital Strategy to form part of its integrated revenue, capital and balance sheet planning. The Capital Strategy is updated annually to react to the changing LFC priorities, social and demographic changes and the financial climate.
6. The Capital Strategy has been prepared as part of the budget setting process and is to be submitted to the Mayor as part of the budget submission, approved by the LFC. The final Capital Strategy will be approved by the LFC in March 2024. This is an annual requirement, and the Capital Strategy will be published in draft as part of the budget submission to the Mayor in November, and as a final Capital Strategy following approval by the LFC in March 2024.

Benefits

The Capital Strategy demonstrates that the LFC takes capital expenditure and investment decisions in line with service objectives, and properly takes account of stewardship, value for money, prudence, sustainability, risk and affordability.

The key benefits of the Capital Strategy are to deliver a capital programme that;

- a. ensures the LFC's capital assets are used to support the delivery of services according to the priorities within the London Safety Plan and the Community Risk Management Plan;
- b. links to the LFC's Asset Management Plan and other LFC Strategies/Plans, such as the sustainability strategy;
- c. is affordable, financially prudent and sustainable;
- d. ensures the most cost-effective use is made of the existing assets and new capital expenditure; and
- e. supports delivery of the Mayoral policies and objectives.

Approach

The Transformation Delivery Plan sets out the LFC's vision that "We will be a dynamic, forward-looking organisation of fully engaged people at the centre of the communities we serve, adapting to the changing needs of London". LFC vision is to be a world class fire and rescue service for London, Londoners and visitors.

The Capital Strategy has been derived largely from the Asset Management Plan, the ICT Strategy, the Fleet Replacement Plan, the Sustainability Strategy, the Treasury Management Strategy and the CRMP put in place from 2023/24. It has been developed to reflect the LFC's priorities, and will be reviewed for future years to deliver against the CRMP and TOM. It will also support addressing the recommendations from the Grenfell Tower Inquiry and the HM Inspectorate of Constabulary and Fire & Rescue Services.

The Asset Management Plan seeks to align the asset portfolio to best support service delivery by the Brigade. It reflects the requirements of the Transformation Delivery Plan, the London Safety Plan, the review undertaken by Anthony Mayer into the Brigade's resources, the terror preparedness review undertaken by Lord Harris, the LFC's inclusion strategy and the Mayor's Homes for Londoners agenda. A condition survey has been undertaken for all LFC properties, and the current condition and functional suitability of the property has been assessed against the LFC's requirements for a modern fire service.

The ICT Strategy seeks to ensure that the technologies available to the Brigade, via a range of ICT solutions, are fit for purpose, affordable and sustainable, that they are responsive to business need and valued by staff and stakeholders and are delivered in a cost effective and efficient way, including collaboratively where appropriate.

The Fleet Replacement Plan will meet the Brigade's fleet requirements over the coming years and address the fleet commitments made under the Mayor's London Environment Strategy (LES). This requires LFC to achieve the following targets:

- a. all cars in support fleets to be zero emission capable by 2025;
- b. all new cars and vans (less than 3.5 tonnes), including response vehicles, being zero emission capable from 2025;
- c. all heavy vehicles (greater than 3.5 tonnes) to be fossil fuel- free from 2030; and d. zero emission fleet by 2050.

The Sustainability Strategy sets out ten objectives to achieve the Brigade's vision of being the leaders on sustainable development within the UK Fire and Rescue Service. The three main focus areas of this strategy are environment and climate change; economic value; and equality and inclusion.

The Treasury Management Strategy sets out the treasury management arrangements in place to manage the LFC's borrowing and cash balances and deliver best practice. It covers the management of LFC's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. This is delivered as part of the London Treasury Liquidity Fund LP.

Influences

The main influences on the Capital Strategy are set out below.

- The age of the estate - about a third of fire stations are over 60 years old and nearly a third are listed, locally listed and/or are in a conservation area.
- The layout and design of the majority of fire stations creates challenges in meeting the needs of a modern service.
- Changing operational requirements – developing response to changes in the type of incidents, including terrorism related, and fire safety particularly in the post Grenfell period.
- Population growth and locating resources to address developing needs
- New fleet requirements due to the changing needs of the service and the new ultra-low emission zone.
- Current shortage of availability for zero emission capable HGVs and new technology regarding electric/hybrid vehicles.
- The shortage of affordable new sites for new or re-located fire stations, together with the aim to ensure that future developments take account of both the Mayor's Homes for Londoners agenda and local planning policies.
- Fire stations operating 24/7 making major refurbishments/extensions difficult to undertake as operational cover has to be maintained. This is coupled with a lack of suitable/affordable sites for fire stations to operate from on a temporary basis whilst the works are undertaken.
- Ensuring that opportunities to benefit from developments in technology are maximised, including the ability to provide positive changes in the delivery of services such as cloud computing.
- The reduction in the level of funding from capital receipts and grants and the ongoing affordability of funding capital expenditure through borrowing.

Mayoral Policies

The Capital Strategy strives to address Mayoral policies as follows.

Ensuring London is:

- a. A city that meets the challenges of economic and population growth in ways that ensure a sustainable, good and improving quality of life and sufficient high-quality homes and

neighbourhoods for all Londoners and help tackle the huge issue of deprivation and inequality among Londoners, including inequality in health outcomes.

The Capital Strategy will support this policy as follows.

- To ensure that our fire stations are well placed to meet the needs of Londoners, attending incidents effectively and to the attendance standards set.
 - Looking to open up fire stations so that they become community assets/hubs. Ensure that the design of new fire stations will enable them to be community hubs.
 - Identifying potential opportunities that the estates can offer to provide accommodation to further our prevention priorities with local authorities e.g. the health agenda and crime prevention (cadet training)
 - To contribute to the Mayor's Homes for Londoner's agenda so that where LFC land can be released for development, the requirements for affordable housing are considered.
- b. A city that becomes a world leader in improving the environment locally and globally, taking the lead in tackling climate change, reducing pollution, developing a low carbon economy, consuming fewer resources and using them more effectively.

The Capital Strategy will support this policy as follows:

- Upgrading our fleet to meet the Ultra-Low Emission Zone requirements and to assess and adopt new technologies as and when they become available.
- Aligning our estates strategy with other emergency services and using every opportunity to share buildings through co-location and integrating estate services.
- To improve the energy efficiency of our estates and to continue to take steps to reduce our carbon footprint through sustainable development.
- To continue to unlock the potential latent value in our estate, through engaging private sector developer partnerships on appropriate sites.

20-year Capital Ambition

The 20-year capital requirements are considered below, including investment and capital funding. This is based on the LFC's current capital programme plus the on-going future capital requirements and maintain operational effectiveness at current levels. A key review of the Capital Strategy and 20-year capital requirement has been done in 2023/24 to align the CRMP and TOM with the capital programme.

The LFC capital spending plans for the five years to 2027/28 are approved as part of the budget process and are funded with capital financing costs reflected in the revenue budget. The is set out in the table 1 below.

Table 1: Capital budgets and financing 2023/24 to 2027/28.

Project	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Schemes						
Properties	15.7	22.8	36.9	31.6	21.3	128.3
Fleet Replacement Plan	2.4	1.6	7.3	4.0	2.5	17.8
ICT Projects	5.4	13.4	8.0	5.1	4.7	36.6
Communications Project	0.0	0.1	0.3	0.3	0.0	0.7
Operational Policy Equipment	5.7	0.0	0.0	0.0	0.0	5.7
Total Expenditure	29.2	37.9	52.4	41.1	28.5	189.1
Capital Financing						
Reserve	7.8	0.0	0.0	0.0	0.0	7.8
Capital Receipts	0.2	0.0	11.3	0.0	0.0	11.5
Capital Grants	0.0	0.0	0.0	0.0	0.0	0.0
External Borrowing	21.2	37.9	41.1	41.1	28.5	169.8
TOTAL Funded Financing	29.2	37.9	52.4	41.1	28.5	189.1

Revenue Funding of the Capital Programme for the first 5 years

In the medium-term the total capital plan is £189.1m of which £19.3m of the plan is funded by the use of Reserves and Capital Receipts (8AE less capital receipts repayable), and the remaining balance is expected to be funded by £169.8m of external borrowing. The borrowing costs (MRP and Interest charges) will be £15.8m for 2024/25 and increasing in the following years to £21.0m in 2025/26 and £25.6m in 2026/27 and this is reflected in the revenue budget. As set out in the treasury management report LFC internally borrow a significant amount of funding which reduces the charge to revenue. However, there is a requirement in accordance with the Prudential Code for LFB to set aside sufficient funds to fund the Capital programme should the need arise.

Within the interest charges, this is calculated on the basis of the current PWLB loan interest which stands at 5.62% (5 year re-payment on maturity loan, also assuming the certainty discount rate applies). From 2027/28 onwards the interest rate assumptions are of a borrowing rate of 2.5%.

A further 15 years, from 2028/29 to 2042/43 to complete the 20 year capital ambition has been prepared on the basis of maintaining the asset base at its current level, with updates/replacements as necessary. The further element has some funding identified, however there is a funding gap to be addressed. The element of the capital spending plans is set out in table 2 below and is inclusive of 3% per annum inflationary cost pressures.

Table 2: Capital Ambition 2028/29 to 2042/43 and Ambition Gap

Project	Years 2028/2033	Years 2033/2038	Years 2038/2043
	£m	£m	£m
Capital Schemes			
Properties	76.0	79.0	91.0
Fleet Replacement Plan	57.0	29.0	43.0
ICT Projects	17.0	47.0	28.0
Communications Project	0.0	0.0	0.0
Operational Policy Equipment	0.0	0.0	0.0
Total Capital Expenditure	150.0	154.0	162.0
Capital Financing			
Capital Receipts	0.0	0.0	0.0
Capital Grants	0.0	0.0	0.0
3rd Party Contribution	0.0	0.0	0.0
External Borrowing	150.0	154.0	162.0
TOTAL Funded Financing	150.0	154.0	162.0
Unfunded Capital Expenditure	0	0	0

The programme includes the capital investment requirements to ensure that the LFC's fleet meets the new ultra-low emissions zone requirements (ULEZ) and replacement of vehicles as they come to the end of their useful life. Ongoing capital expenditure on the LFC's estate is included to maintain the condition and functionality of fire stations. There are also estimates for spend on ICT replacement and upgrade. The programme does not include the additional costs in respect of the works to the LFC estate to enable the LFC fleet to be zero emission compliance by 2030 as it is not possible to predict the impact the level of additional infrastructure required at this time. The capital requirement for the LFC estate has been based on analysis that has been undertaken which assesses the condition and functional suitability for all existing fire stations.

The Ultra Low Emission Fleet (ULEF) Programme sets out the steps to be taken to plan, develop, test, procure and deploy new vehicle technologies within the LFC fleet to achieve the targets set out above. It focuses on the process for heavy frontline vehicles, given the current lack of low/zero emission capable HGVs and the technological challenges in developing them.

Government advocates a 'cloud first' approach when considering options for new ICT systems and infrastructure improvements. With this the funding model shifts from capital to revenue-based expenditure, which presents challenges to LFC, due to the increasing pressure on revenue funding and budgets. At present the ICT Strategy does not plan a radical change to the ICT infrastructure in the short term as this would consume significant resources and generate risk in the transitional phase. Instead, a 'cloud' based approach to new systems will be adopted as and when current systems are being replaced which would allow the Brigade to explore new ways for ICT delivery, whilst minimising risk and disruption.

Available Capital Funding

There is a variety of ways in which capital expenditure can be financed, but the main sources are often from a combination of revenue resources/reserves, capital grants, capital receipts and borrowing. A brief explanation for each of these options is described below.

- a. **Prudential Borrowing** - The LFC ensures that the level of borrowing is affordable, prudent, and cost effective. Borrowing is subject to the requirements of the Prudential Code and is managed through the Treasury Management Strategy. Borrowing has a longterm impact on the revenue budget, through the interest payable on the loan and the annual charge for the repayment of the sum borrowed (MRP). Loans are sourced in discussion with the London Treasury Liquidity Fund LP and from the Public Works Loan Board (PWLb).
- b. **External Capital Grants** - Grants are awarded to the LFC from Central Government and other third parties. Most grants are now policy specific and in some cases are awarded through a bidding process. The LFC bids for grant funding as and when opportunities arise
- c. **Capital Receipts** - The LFC is able to generate capital receipts through the sale of surplus assets. This is a limited resource as the majority of the LFC's assets are currently in operational use as part of front line service delivery and response. The programme includes the sale of the former Clerkenwell fire station. and the former Headquarters at Albert Embankment but the timing and value of the receipts is yet to be finalised. There is the risk that some of the planned capital disposals will not complete. The timing and value of the capital receipts may also be further delayed or reduced due to planning requirements and changes in market conditions.

The LFC aim, wherever possible, is that all large developments are self-funding through the release of land/buildings for sale and the opportunity of sale and leaseback arrangements.

Revenue Funding - LFC can use revenue resources to fund capital projects on a direct basis, however, current funding projections point to a revenue budget gap which means that the capacity for this is very limited. Invest to save projects that result in additional revenue savings in future years are the best option for funding by this method.

The LFC's level of borrowing is forecast to increase as the availability of capital receipts come to an end, and expenditure increases, such as on fleet with the LFC now owning its fire appliances, etc., resulting in additional revenue costs through MRP and the interest charged on outstanding loans. It is expected that the Capital Strategy will be entirely reliant on borrowing over the medium-term, depending on the timing of the remaining capital receipts, with the additional capital financing costs adding to the pressure on the revenue budget.

The table below summarises capital expenditure and debt charges (loan interest and annual MRP change) compared to the estimated debt charges budget from 2026/27 onwards. The future debt charge budgets have been based on the 2026/27 budget and increased by RPI estimated at 3% per annum. Maturing loans and the associated MRP charges reductions have been taken into account, to show the budget requirement and resulting budget pressure each year in the calculation of the required level of debt charges.

Table 3: Capital Expenditure Financed from borrowing and Forecast Revenue costs for Interest and MRP Charges 2028/29 to 2042/43

Future Years	Capital Expenditure £m	Financed from external borrowing £m	Debt Charges* £m	Budget £m	Budget Pressure £m
2028/29	30.0	30.0	30.0	13.0	17.0
2029/30	35.0	35.0	30.0	13.0	17.0
2030/31	24.0	24.0	30.0	14.0	16.0
2031/32	34.0	34.0	29.0	14.0	15.0
2032/33	27.0	27.0	31.0	14.0	16.0
2033/34	27.0	27.0	32.0	15.0	17.0
2034/35	47.0	47.0	30.0	15.0	15.0
2035/36	32.0	32.0	36.0	16.0	20.0
2036/37	23.0	23.0	38.0	16.0	22.0
2037/38	25.0	25.0	39.0	17.0	22.0
2038/39	21.0	21.0	39.0	17.0	22.0
2039/40	22.0	22.0	38.0	18.0	21.0
2040/41	33.0	33.0	38.0	18.0	20.0
2041/42	47.0	47.0	32.0	19.0	13.0
2042/43	38.0	38.0	32.0	19.0	13.0

(Minimum Revenue Provision and interest has been calculated at 2.5% and MRP has been mostly estimated on a 15 year asset life for property and 5 years for ICT for the purposes of the above calculations)

Based on current estimates, the level of debt charges is expected to steadily increase over the period, resulting in a substantial increase in debt charges peaking at £39.0m by 2038/39 before starting to fall. Under current assumptions this would result in the need to increase the capital charges budget by an average of £20m, which would need to be funded by matching savings.

The projected budget pressure, of an average of £20m, is based on current capital spend projections which is based on inflation at 3.0% per annum and the current capital plan assumptions of total expenditure and the expectation of no capital receipts after the sale of 8AE in 2025/26. This figure will change with the following risk items.

- The level and timing of capital receipts.
- The potential of future interest rate rises.
- The availability of resources to deliver the capital programme.

The level of capital spend is largely driven by the need to maintain and replace the fleet, fire stations and ICT that support the current level of service delivery and front- line response. It is therefore difficult to reduce spend without changes to front line service delivery.

Options to bridge funding gap

The LFC will need to consider options on how to bridge the funding gap and ensure that future years capital expenditure is affordable, as part of the development of the next London Safety Plan (CRMP) from 2023/24. Possible options to consider are provided below.

- Provide a revenue contribution to fund the capital programme.
- Pursue possible alternative funding/service delivery options.
- Reduce the level of the capital programme.
- Secure additional resources – GLA/Government.

External Debt

All borrowings are from the Public Works Loan Board (PWLB) and LFC's current and forecast outstanding debt, excluding the borrowing requirements of the capital strategy and current capital programme is as follows:

Table 4: External Debt

As 31 March	2024	2025	2026	2027	2028	2033	2038	2043
	£m	£m	£m	£m	£m	£m	£m	£m
Existing PWLB Debt	46.7	43.2	38.2	38.2	35.5	26.5	23.5	14.5
New External Debt	21.2	37.9	41.1	41.1	28.5	26.9	25.4	38.4

Interest charges are based on PWLB interest rates fixed when the borrowing was taken out.

The table below sets out the prudential limits for 2024/25 to 2028/29.

Table 5: Prudential Limits

Approved Levels £k	Borrowing	2023/24	2024/25	2025/26	2026/27	2027/28
Operational Boundary		240,000	240,000	240,000	240,000	240,000
Authorised Boundary		245,000	245,000	245,000	245,000	245,000

Other Long-Term Liabilities

LFC has other long-term liabilities which include PFI contracts for fire stations (until 2040/41) and a finance lease for the Merton Control Centre (Until 2034/25). The current and forecast outstanding long-term liabilities are as follows.

Table 6: Other Long-Term Liabilities

As 31 March	2024	2025	2026	2027	2028	2033	2038	2043
	£m	£m	£m	£m	£m	£m	£m	£m
PFI	39.9	38.3	36.7	35.1	33.6	26.4	13.6	0.0
Finance Lease	18.4	18.4	18.3	17.3	16.2	9.4	0.0	0.0
Total	58.3	56.8	55.0	52.5	49.8	35.8	13.6	0.0

There are no plans for any future finance leases/PFI arrangements at the current time. The contract register is regularly reviewed to ensure that no finance leases have been entered into without the Finance Department's knowledge. This is also further managed by the Assistant Director - Finance reviewing all reports to LFC to include financial implications.

The above table does not take into account the effects of implementing the new accounting standard IFRS16, where all leases/contracts that conveys the right to use an asset will be brought onto the balance sheet and long-term liabilities will be created for the future rentals under these leases. The new accounting standard has been delayed but is still likely to come into effect from 1st April 2024. The Capital Strategy will be updated once the impact of the new accounting requirements has been assessed.

Risk

The Capital Programme is subject to the following risks.

- A lack of affordable sites for new developments.
- Increased cost in delivering the capital programme due to inflation pressures/Brexit/ limited number of suppliers that can provide specialist equipment/vehicles.
- The potential requirement to fund the replacement of National New Dimensions Assets which currently has not been factored in the capital requirements.
- Additional building costs required to support the deliver Zero Emission Pumping Appliances (ZEPA)
- Difficulty in obtaining planning consent for new developments and refurbishments.
- Third party collaboration and contractor capacity to deliver, as all capital projects will require varying collaboration with external parties over the project life.
- The risk that the planned capital disposals will not realise the projected capital receipts income or may not come to fruition thus resulting in additional borrowing costs.
- Additional revenue budget pressures resulting from increased revenue impact of borrowing.
- Interest rate increases for borrowing.
- Changes in government funding, policy and legislation.
- Availability and speed of developments in technology.
- Recruitment and retention of key skilled staff and significant staff resource to deliver the capital schemes.

The risks are being managed by as follows.

- Maximising, where possible, the redevelopment of existing sites through developers to reduce capital borrowing and to realise any potential capital receipts released through latent estate value.
- Investing in invest to save projects where the outcome of these projects will result in revenue savings to LFC.
- Ensuring the capital governance framework, including regular monitoring and review of the capital programme, is in place.
- Ensuring that all planning applications consider all relevant local/Mayoral planning and listed building requirements. Pre-discuss all planning applications prior to submission with the local planning officers to mitigate against planning refusals and completing public consultation in good time for those development projects that affect the public.
- Re-allocating key resources to development projects as required to meet the capital programme.
- Promoting collaboration with other emergency services and the GLA Group.
- Limit the risk of contract failure by effectively managing contracts and learning from past lessons in project delivery.
- The ability to flex the capital programme and re-phase capital expenditure so as not to result in additional external borrowing and the resulting increase in debt charges.

Appraisal - Governance and Monitoring

An important part of the governance arrangements is the frequent monitoring of the agreed capital programme. The capital programme is reviewed regularly with budget holders and reported on a quarterly to senior management. The capital monitoring is reported alongside revenue monitoring in the quarterly financial position report, which is reported to the Investment & Finance Board and Commissioner's

Board. Quarterly monitoring reports are also presented to the Fire and Resilience Board and are published. The published reports are used to support scrutiny by the London Assembly's Fire, Resilience and Emergency Planning (FREP) and Budget and Performance Committees (BPC).

New, or changes to existing capital projects are dealt with as part of the capital monitoring process and budget holders are required to submit a request outlining the key scheme information, costs both capital and revenue and associated risks.

Where a new scheme or a budget change is required which is greater than £150k, a separate report is prepared, and additional governance arrangements are in place. The reports are considered by the Investment & Finance Board and Commissioner's Board, and the Deputy Mayor through the Fire and Resilience Board, as required, before final approval by the London Fire Commissioner.

The Capital Programme is approved by the London Fire Commissioner before submission to the Mayor as part of the annual budget submission.

When proposing capital projects for inclusion into the programme, the responsible department will undertake an assessment/evaluation as to how the project:

- Ensures LFC's capital assets are used to support the delivery of services according to the priorities within the London Safety Plan and Corporate Vision.
- Links to LFC's Asset Management Plan and other LFC Strategies/Plans.
- Is affordable, financially prudent and sustainable.
- Ensures the most cost effective use is made of the existing assets and new capital expenditure.
- Supports the Mayor of London in meeting the approved objectives and strategic plans.

The LFC has overall responsibility for the Capital Strategy, with support from senior management with the strategic development and monitoring of the capital programme through Commissioner's Board and Investment & Finance Board. The Capital Strategy will also be subject to consultation with the Deputy Mayor, and submission to the Mayor as part of the budget submission. Wherever appropriate to do so, and more specifically for the larger projects, project boards are established, which consist of a wide range of professional expertise. These boards meet regularly to assess and monitor the progress of the projects to ensure the delivery of the defined capital investment.

The Capital Strategy will continue to be refined and assessed against deliverability, affordability and risk in addition to ensuring this delivers the CRMP. Any further updates will be reflected in the final budget in March 2024.

Chief Finance Officer Sign Off

The Chief Finance Officer is to report explicitly on the deliverability, affordability and risk associated with the Capital Strategy. A report presenting the Strategy will be presented to the Commissioner's Board, and the Fire and Resilience Board, alongside reports for approval of the Budget and Treasury Management Strategy.

Appendix 9

Reserves Strategy

LFC Reserves Strategy

Introduction and Background

Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies.

Best practice on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - 'Local Authority Reserves and Balances'. This was issued in July 2014, but since then many references have been made to the scale of public sector reserves by various parties, as well as specific work by the Home Office and the National Fire Chiefs Council.

In May 2018 the Government published the New Fire and Rescue Services Framework which introduced a requirement for Combined Fire and Rescue Authorities to publish a Reserve Strategy on their website and outlined the detail which should be included. The Reserves Strategy can form part of the Medium-Term Financial Strategy or be a stand-alone document.

Strategic Context

There are a number of reasons why a local government authority might hold reserves, these include to:

- (a) Mitigate potential future risks such as increased demand and costs;
- (b) Help absorb the costs of future liabilities;
- (c) Temporarily plug a funding gap should resources be reduced suddenly;
- (d) Enable an authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax;
- (e) Spread the cost of large scale projects which span a number of years.

Reserves only provide one off funding so an authority should avoid using reserves to meet regular and ongoing financial commitments, other than as part of a sustainable medium-term budget plan.

Long-Term Sustainability

Reserves are an essential tool to ensure long term budget stability particularly at a time when the LFC is facing significant risk over funding and savings requirements in future years. In recent years LFC has built up reserves to help meet short term budget gaps, in particular the Budget Flexibility Reserve.

Reserve balances have been identified as a key indicator of financial health and the LFC continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget requirements and provide an adequate contingency for budget risks.

There are two different types of reserve, and these are:

- *Earmarked Reserves* – these reserves are held to fund a specific purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all of the agreed funds are required then decisions would be sought on how any remaining balance is to be utilised.
- *General Reserve* – use of this Reserve is non-specific and is held to fund any unforeseen spending that had not been included in the base budget, on an exceptional basis.

It should be noted that if a risk materialises that requires significant draw from reserves, the LFC would need to seek to prudently rebuild reserves back to an adequate level in future years. It is also important to bear in mind that reserves are not the only way in which the financial risks are managed.

Insurance cover is in place for a wide range of eventualities. In terms of this cover there is an insurance excess, with the major ones being for the LFC meeting up to the first £850k on claims for combined liability and £250k on motor fleet, with an aggregate (maximum liability) of £5.0m and £10.0m in one year respectively. These levels are reviewed when insurance policies are retendered, and potentially renewal, in discussion with key stakeholders.

In addition to insurance provisions are also raised in the Statement of Accounts each year for potential costs where there is knowledge of a claim. These provisions are held to provide funding for a significant liability or loss that is known with some certainty will occur in the future, but the timing and amount is less certain.

The LFC, via the GLA, also has potential access to the Bellwin scheme in particular circumstances for emergency financial assistance. The scheme may be activated in any case where an emergency or disaster involving destruction of or danger to life or property occurs and, as a result, one or more local authorities incur expenditure on, or in connection with, the taking of immediate action to safeguard life or property, or to prevent suffering or severe inconvenience, in their area or among its inhabitants.

The Bellwin scheme requires an expenditure threshold to be exceeded in order to trigger claims, and the threshold is set each year. For the latest Bellwin claim (Grenfell Tower) this was set at £0.75m for fire within the GLA Group. In addition, only a proportion of costs can be recovered, in particular these have to be marginal (additional) costs, and only costs in excess of the threshold will be reimbursed.

There may also be circumstances that arise where central government provides additional funding, such as during the Covid-19 pandemic. The LFC received Covid funding totaling £1.8m from the GLA and £5.5m from the Home Office.

Risk Assessment to Determine the Adequacy of the General Reserve

An authority should seek to maintain a General Reserve that is adequate but not excessive to manage its financial risks. As a single-purpose authority, the LFC has no opportunity to use cross-service subsidies to meet unanticipated expenditure and so, proportionally, its General Reserve may be slightly higher than for a multi-purpose authority.

The LFC has been strengthening its approach to managing risk.

Under its Reserve Policy the LFC has set its level for the General Reserve at 3.5% of net revenue budget.

LFC undertakes a risk assessment of the adequacy of the LFC's General Reserve to consider the extent to which the LFC is exposed to uninsured and unbudgeted losses. The risk assessment for the coming financial year, 2024/25, has been prepared as part of the budget setting process.

Annual Review of Earmarked Reserves

The LFC has a number of earmarked reserves which have been established for specific purposes where there have been timing differences at budget setting or year end, or emerging risks or cost pressures. The relevance of, and balance in, each of these is reviewed annually and the LFC is informed of the latest plans for the balances held in such reserves over the medium-term via the Reserves Strategy.

As part of the annual review of reserves it has been identified as part of the budget process that £4.5m of earmarked reserves are no longer required and can therefore be re-purposed. It is from this review that these will be released to support a balanced budget in 2024/25.

When the LFC approves the Reserves Strategy for publication it will be made available on its website, including the draft Reserves Strategy prepared as part of the Budget Submission to the Mayor and which is subject to consultation with the London Assembly's Fire, Resilience and Emergency Planning (FREP) Committee before approval in the final budget in March.

An estimate has been made of the financial impact if the current corporate strategic risks (which are deemed to be red, of which there are currently 5) became reality and this has been assessed against the adequacy of general fund reserves. The financial risks are set out in further detail within appendix 2 to this report as part of the MTFS Strategy.

The focus of this review of the adequacy of reserves is on the short term only as reserves can only be used once and are not a permanent source of funding. However, this needs to be considered against the probability of more than one significant risk materialising in any one year.

The CIPFA guidance emphasises that a well-managed authority will ensure that reserves are not only adequate but also necessary. It would not be appropriate to set funds aside to cover risks that are deemed extremely unlikely to occur. CIPFA also advises that a balance needs to be found between maintaining adequate levels of reserves and investing in risk reduction measures. For example, it may be possible to reduce the level of balances held where appropriate action to mitigate or remove risks has been successfully taken.

Conclusion

There are a range of factors that need to be taken into account in determining an appropriate level of reserves and as the CIPFA guidance states a considerable degree of professional judgement is required.

For LFC the combination of a maximum insurance liability, the current availability in provisions to cover known or expected events, the availability of earmarked reserves, and a generally prudent approach to cost estimation and budgeting indicates that a minimum general reserve level of 3.5% (£17m) can currently be deemed to be adequate given the corporate governance and control arrangements in place across the organisation.

Annex A Projected Reserve Balances over Medium-Term Financial Plan Period (2024-2027)

Reserve	Forecasted Balance at 31/03/2024 (£m)	2024/25 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2025 (£m)	2025/26 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2026 (£m)	2025/26 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2027 (£m)
Fire Safety and Youth Engagement	6.7	(2.1)	4.6	(1.5)	3.1	0.0	3.1
Emergency Services Mobile Communication Programme	1.0	0.0	1.0	0.0	1.0	0.0	1.0
Fire Safety Improvement	29.7	(9.7)	20.0	(10.3)	9.7	0.0	9.7
Communications	0.1	(0.1)	0.0	0.0	0.0	0.0	0.0
LFB Museum Project	0.1	(0.1)	0.0	0.0	0.0	0.0	0.0
Finance Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension Earmarked Reserve	0.6	0.0	0.6	0.0	0.6	0.0	0.6
Compensation	0.8	(0.6)	0.2	0.0	0.2	0.0	0.2
ICT Development Reserve	1.7	(1.2)	0.5	0.0	0.5	0.0	0.5
Sustainability	0.2	0.0	0.2	0.0	0.2	0.0	0.2
Vehicle & Equipment Reserve	1.0	(1.0)	0.0	0.0	0.0	0.0	0.0
Leadership Reserve	0.1	(0.1)	0.0	0.0	0.0	0.0	0.0
FRS Review	0.1	(0.1)	0.0	0.0	0.0	0.0	0.0
MTA Reserve	0.1	(0.1)	0.0	0.0	0.0	0.0	0.0
Recruitment Reserve	1.3	(0.7)	0.6	(0.6)	0.0	0.0	0.0
Community Risk Management Plan	3.6	(2.8)	0.8	(0.3)	0.5	0.0	0.5
Budget Flexibility	9.5	(3.8)	5.7	0.0	5.7	0.0	5.7
General Fund	17.0	0.0	17.0	0.0	17.0	0.0	17.0
Total Reserves	73.6	(22.5)	51.1	(12.8)	38.8	0.0	38.3

General Reserve

The general reserve provides a contingency to manage the impact of unexpected events or emergencies. The level of the general reserve is considered annually, with details of the consideration of the reserve's adequacy at a minimum of 3.5% considered above.

Budget Flexibility Reserve

The Budget Flexibility Reserve was originally set up as part of the 2017/18 budget process, to provide balances to support budget uncertainty in future years. The reserve has been used to manage uncertainty

in previous budgets, although actual drawing from the reserve has been limited as additional funding has been secured or underspends emerged. The reserve provides balances to support uncertainty in the current funding, as set out in the Mayor's Budget Guidance 2023/24, as well as supporting the LFC as it continues its transformation, including the Community Risk Management Plan and Target Operating Model from 2023/24. The anticipated balance as at the end of the 2023/24 financial year includes a transfer to the general reserve to maintain it at the minimum level, following the forecast overspend in that year.

Earmarked Reserves

In addition to the general reserve and Budget Flexibility Reserve the LFC has a number of earmarked reserves. These contain funds that the LFC has agreed should be set aside for specific purposes. The earmarked reserves are considered further in the following paragraphs. The balances held on reserves are reviewed to ensure they continue to meet these purposes, and any balances not required transferred to the general reserve or released to balance the budget.

The Fire Safety and Youth Engagement reserve was established in 2016/17. The reserve now includes funding received in the form of specific grants from the Home Office to enable a Protection Uplift.

The Emergency Services Mobile Communications Programme (ESMCP) is a cross-government, multi-agency programme that will deliver a new communication system to the emergency services and other public safety users throughout Great Britain. This system will be called the Emergency Services Network (ESN) and it will provide integrated critical voice and broadband data services. Central Government has committed to provide grants to cover the reasonable cost of transition from the current Airwave service to ESN. However, the full financial implications of implementation of the network are not yet known. The reserve is maintained as part of managing the grant funding and transition to ESN.

The Fire Safety Improvement Reserve will be utilised to fund the Modern Firefighter and Training Investment in 2024/25 and 2025/26, after which it's planned use will be reviewed. This will ensure Firefighters will be faced with the most realistic scenarios in a training environment and therefore ensure the safety of Firefighters and the public are maintained when facing similar scenarios in a real-life situation.

The Finance reserve holds funding to support training within the Finance Department.

The Pension Reserve will be used to fund resourcing and delivery costs associated with the Pension Remedy of staff (Predominantly operational staff).

The compensation reserve is used to fund compensation claims in excess of budgeted amounts. There is currently a base budget of £1.8m.

The ICT development reserve holds funds to accommodate changes to HR, Finance and Fire Safety systems, which are subject to fluctuations in cost and demand.

The sustainability reserve was set up to deliver the LFC's programme of investment in enhanced energy efficiency and renewable technologies and so most notably will be used to help deliver resources on the Net Zero Carbon strategy.

The recruitment reserve will be used to help support successful recruitment within the Fire Safety department, including the use of market rate supplements and accounting for pension abatements incurred by impacted roles.

The Community Risk Management Plan (CRMP) will be utilised to deliver the ambitious change programme throughout LFB.

The Communications, LFB Museum, Vehicle and Equipment, Leadership, FRS Review, and MTA Reserves are no longer required and will be released to fund Investments as part of the MTFS. Any requirements in any of these areas have been considered and any requirements included within base budgets.

Appendix 10

Equality Analysis / Equality Impact Assessment (EIA)

A. Name and the nature of the programme/ activity

London Fire Brigade Budget Submission 2024/25

B. Reason for Equality Impact Assessment

- Proposed change to an existing programme/ activity
- Undertaking a review of an existing programme/ activity

C. Person responsible for the programme/ activity

Name: James Buttery

Job title: Principal Budget Planning Accountant

Department: Finance

D. Equality and diversity considerations

Describe the ways in which the groups below may be impacted by your activity. There are some example questions below to aid your thinking (delete any that are not relevant):

The purpose of an EIA is to give as much information as possible about potential equality impacts, risks or opportunities that your policy, activity or project may have on different groups of people.

This Equality Impact Assessment should demonstrate due regard for the provisions of the [Public Sector Equality Duty](#) by considering the following:

1. identify possible negative impacts of decisions on individuals and groups with protected characteristics and plan mitigating action accordingly; and,
 2. identify additional opportunities to advance equality within policies, strategies, and services.
- Age (e.g. are there ways older or younger people may find it difficult to engage in your project or process?, are there young/old people who need support)
 - Disability/Barriers (do you need to consider large print or easy read of any surveys /questionnaires?)
 - Race (including ethnicity and nationality) (does your project take into account the needs of people from different groups, if not do you need to make any adjustments?)
 - Religion or belief (do people from faith groups experience any specific disadvantage in relation to your research project)
 - Gender
 - Sexual orientation (is your language inclusive of LGBT+ groups?)
 - Trans and non-binary – is your language inclusive of trans and non-binary people?
 - People experiencing multiple needs such as homelessness, mental health problems, being involved in the criminal justice system or substance misuse.
 - Pregnancy and maternity

- Social deprivation- e.g. people who may be prohibited from attending your event due to the cost of travel, people who live in deprived areas and homes which may be at risk, responsibility of the council (if the activity is in the community)

Consultation will be ongoing with RBs, ESGs and Belonging, Inclusion and Wellbeing team. Individual discussions with staff members who are affected by post-deletions will be had and this will consider the possible negative impacts on certain individuals or groups of people as listed above.

Relevant information will be sought from People Services if the information is readily accessible and will be used for the purposes to which the information is contained such as age, gender etc to assess potential impacts on certain groups of people and how mitigations can be put in place.

E. Evidencing Impact

Please answer each of the following questions

i. What information have you used to understand all people who will be involved in or affected by your programme/ activity? (e.g. if your activity refers to all employees, how did you learn about what they need and think, especially those with protected characteristics – did you ask directly? Did you generalise based on wider research, did you consult, if so, how many and when and what did they tell you, or what did you learn?)

Consultation will occur throughout the budget process for any of those people directly impacted upon.

The following budget proposals signify the potential for staffing reductions to be made;

1. Finance - There are two projects underway to replace the LFCs HR and Payroll System and the Finance System. It is anticipated that the implementation of the new systems will likely deliver efficiencies which will be identified in a review of the staffing resources and work processes.
2. People - Savings across LFB formed as part of an initial budget submission is 2022/23, but re-phased to align with delivery of People Services Review.
3. Operational Policy (RPE Team) - Planned removal of Respiratory Protection Equipment Team following completion of project. Previous savings proposal for 2023/34. Due to slippage of the project the anticipated saving can no longer be realised in 2023/24. It is now expected to be achieved in 2024/25.
4. Finance – Payroll - A saving of 1 x FRS B Payroll post (vacant) from the loss of the GLA payroll shared service

Further to this, a mitigation action plan will be developed to address any issues prior to any project starting.

ii. Explain any gaps in evidence/ insufficient information to properly assess the impact of your programme/ activity, and how will this be addressed? e.g. further research or working with a voluntary sector organisation?

Further research will be undertaken in respect of savings within finance post system implementation to assess the potential for savings to be made and in which areas.

The saving within payroll will be through the deletion of a currently vacant post.

Across People Services, this is dependant on organisational wide savings and are not currently targeted to a specific department or employee group. Any implications of the people services saving for 2024/25 will be considered as part of separate reporting in line with governance requirements.

iii.Explain whether your programme/ activity disproportionately affects any group named above?

Impact assessments are living documents and will continually be updated to reflect the dynamic nature of staff's needs. Where adverse impacts have been identified, engagement and consultation will continue with trade unions, equality support groups and the Inclusion Team to determine actions to mitigate these.

iv.Describe whether this programme/ activity may potentially lead to discrimination (direct or indirect), harassment, victimisation, or less favourable treatment of people with protected characteristics?

All managers are reminded of their duty of care and responsibilities under the Public Sector Equality Duty.

v.Describe whether your programme/ activity contribute to advancing equality of opportunity?¹

Investment opportunities and growth within certain departments will be undertaken using fair recruitment practices, ensuring the needs of certain groups are considered and any flexible arrangements sought where required.

vi.Describes where there an opportunity for your programme/ activity to foster good relations between groups?

Various stakeholders, such as trade unions will be consulted on the range of proposals contained within the budget report (including in relation to pay and skills payments) and the potential positive impacts and opportunities available alongside putting in mitigating factors as far as possible to minimise the impact on any one individual or group. Such actions may include; assimilation or re-deployment.

vii.Identify any reasonable adjustments to your programme/ activity to avoid discrimination or advance equality of opportunity?

Those impacted heavily throughout any of the proposals in the budget report will be contacted and consulted with as part of the process if on long terms sickness or maternity/paternity leave.

viii.How is the programme/ activity's communication made accessible to all groups?

The budget report is available online, circulated to key stakeholder groups such as the Industrial Relations Team and Union Groups.

ix. How are you engaging people with a wide range of protected characteristics in the design, implementation and monitoring of the programme/ activity?

The proposals within this report will be included as part of the LFC's Budget Submission to the Mayor, where it will then be consulted on as part of the GLA's consolidated consultation budget for 2024/25.

Appendix 11

Climate Budget & Sustainability Analysis

Overview

Following extensive public consultation LFC published the Community Risk Management Plan (CRMP) in 2022 (which came into force on 1 January 2023). This confirms the LFC commitment to reducing impact on the environment and stated the target of aiming to reach net zero carbon by 2030. LFC defines net zero as 'When the amount of carbon dioxide emissions associated with operational energy on an annual basis is zero or negative'. This includes Scope 1 and Scope 2 emissions in accordance with methodologies laid out in the Greenhouse Gas Protocol.

Scope 1 – All Direct Emissions from the activities of LFC or under their control

Emissions will be included from all the following inputs to make up the total Scope 1 direct emissions for LFC:

- Natural Gas
 - Building consumption
- Other Heating fuels
 - Biomass pellets
- Petrol and Diesel fuel consumption from company owned non-electric vehicles
 - Including all road transport, appliances, and boats
- Air Travel
- On-site Diesel Generator fuel
- On-site fugitive emissions from air conditioning systems

Scope 2 – Indirect Emissions from electricity purchased and used by LFC or under their control

Emissions will be included from all the following inputs to make up the total Scope 2 indirect emissions for LFC:

Electricity Consumption from:

- Building consumption
- On-site EV charging from LFC owned charge points
- Off-site EV charging from 3rd party owned public charge points
- Diesel Generator Data
 - No data is currently available, so this has been estimated based on allowing for a typical monthly test run on a generator
- Fugitive Emission Data
 - No data is currently available, so this has been estimated based on the assumption of around 60g of R410A leakage per year for all sites with air conditioning units and the possibility of a major leak of around 5kg per year

Scope 3 – Scope 3 emissions are the result of activities from assets not owned or controlled by LFC, but what indirectly affects our supply chain.

Scope 3 emissions include all sources not within our scope 1 and 2 boundaries.

LFC in 2021, along with other GLA Group Functional Bodies participated in an initial study to understand our scope 3 supply chain emissions baseline which was based on a spend based analysis. This resulted in hot spotting specific carbon intensive categories for further analysis and supplier engagement.

Recently LFC is working to identify opportunities within the supply chain to reduce carbon emissions. LFC will continue to work with GLA Group to share approaches and learning.

Under the requirements of the GLA group Responsible Procurement Implementation Plan (RPIP) we are working with suppliers to reduce supply-chain carbon emissions.

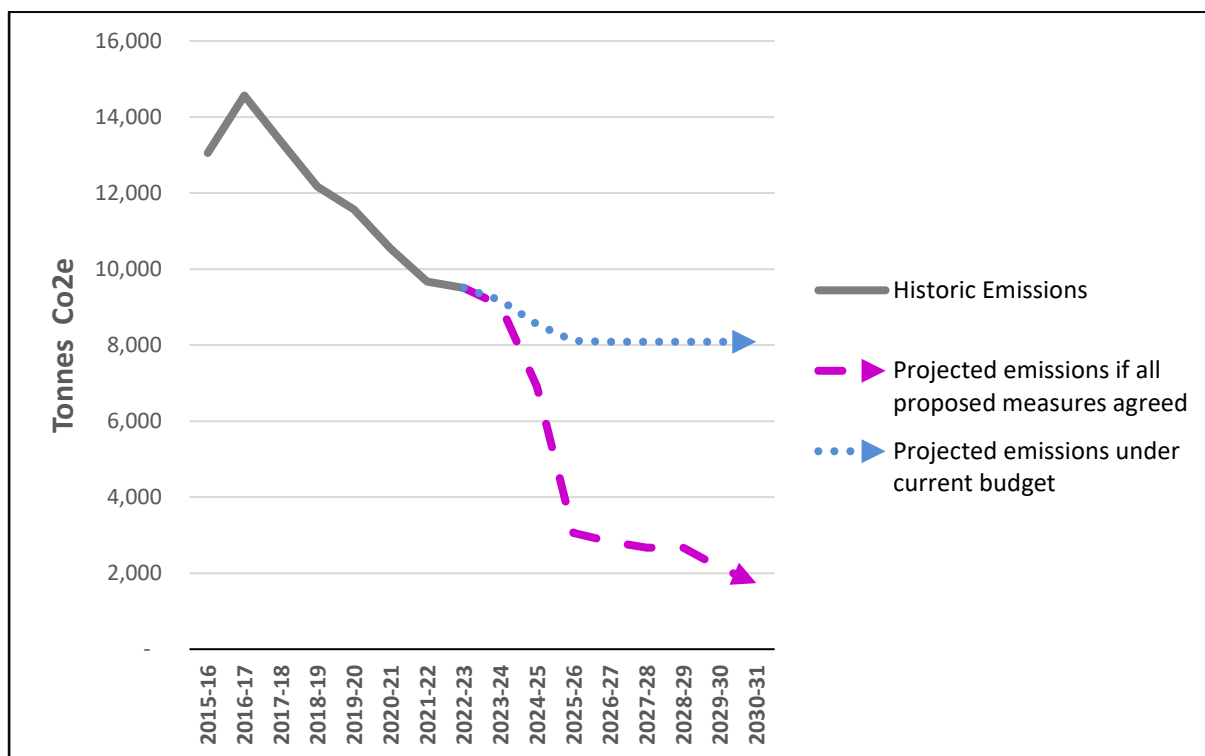
- LFC has committed to require every new contract over £5m in value to produce an organisational Carbon Reduction Plan.
- LFC has committed to reduce emissions associated with last-mile deliveries, with all new contracts to require freight and servicing vehicles under 3.5 tonnes to GLA Group buildings to be zero-emission from 2025.
- LFC are supporting the delivery of the interim target for Non-Road Mobile Machinery (NRMM) to meet stage IV requirements by 1 January 2025, as part of the longer-term vision for all NRMM procured by the GLA Group or used by suppliers and subcontractors on behalf of the GLA, to be zero-emission by the end of 2040.

LFC Baseline Emissions (2020/21)

Source	Quantity	Units	CO2e Tonnes
Natural Gas	26,181,024	kWh	4,814
Building Electricity Consumption	13,479,874	kWh	3,143
Bulk Blown Pellets for Croydon Biomass	7.46	Tonnes	0.54
Diesel Generator Fuel (Estimate)	14,520	Litres	40
Fleet EV Charging	24,242	kWh	6
External EV Charging - Non LFC Vehicle Charging using LFC charging infrastructure outside LFC control	85,791	kWh	20
Fugitive Emissions	11	Kg/R410A	23
Fleet Fuel	1,167	MLitres	2,965
Air Travel	5,304	Miles	0.9
Grey Fleet (should be scope 3)	376,994	Miles	100.71
Total			11,091

The graph below outlines:

- Historic emissions for the given scope (grey line below)
- A projection of future emissions to 2030 for the given scope, when including actions in the current budget, included Table A (blue line below)
- A projection of future emissions to 2030 for the given scope, when including actions for which a budget has not yet been confirmed or identified, included in Table B (pink line below)



LFC Carbon reduction progress

The LFC Sustainable Development annual Report (LFC-23-079) has further details outlining the LFC carbon emission reductions and progress to date. Highlights include-

Total LFC CO₂ emissions have reduced to 61.18 per cent CO₂ reduction in 2022-23 from the previous agreed baseline of 1990, against a target of 60 per cent reduction by 2025.

LFC has introduced a new target of net zero Carbon by 2030. In 2022-23 emissions reduced by a further 1.5 per cent from the previous year to -9.8 per cent from the new baseline year of 2020-2021.

Fleet

- Emissions from fleet vehicles increased by 15.87 per cent compared to the previous year. The increase in frontline fleet emissions aligns with the increase in incidents attended. 13 per cent of all fleet are zero emission capable, this is an increase from the previous year. The target for all fleet to be zero emission capable is 2030, and 2025 for light vehicles.
- Nearly all LFC buildings have electric vehicle (EV) charge points, accessible for LFC vehicles and personal staff usage. A further three fire stations have publicly accessible rapid charging.
- LFC have started a pilot trial to run existing vehicles on Hydrotreated Vegetable Oil (HVO) as a “stepping stone” carbon reduction solution for LFC whilst it continues to operate existing diesel vehicles.
- The LFC’s main delivery hub- the Operational Support Centre (OSC) devised a series of new routes that save more than 15,915 miles of travel each year.

Buildings

- Onsite renewable energy generation has remained consistent at 11 per cent, this year’s data does not include PFI Stations. A continued focus on maintenance of existing systems resulted in a reduction of CO₂ emissions from buildings by 9.3 per cent compared to the previous year.
- LFC achieved its target of an average Display Energy Certificate (DEC) rating of a C across all sites, with an average of 79 per cent of sites with a rating of C or above.

- LFC has developed a Carbon Net Zero Strategy, which is a detailed account of the modelling and analysis underpinning the latest LFC carbon footprint, trajectories to net zero and the interventions required to achieve carbon net zero by 2030.
- LFC unveiled its first ever Carbon Zero fire station, which demonstrates its commitment to sustainability and improving the environment. We have been able to remove the use of gas at Walthamstow Fire Station which has been replaced by a new electric heat pump. When solar power isn't providing enough electricity, the station runs on electricity from 100 per cent renewable sources.
- LFC has recently approved the electrical infrastructure project to increase the electrical capacity at fire stations, with approval received for the first phase of 30 stations (which will then be followed by a second phase of a further 25 stations). GLA Green Finance Funding has been applied for this project. This will enable the carbon net zero work streams to de-carbonise the property and fleet operations of LFB. The increased electrical capacity will enable future projects to move away from gas and replace this fuel with electrically powered heating and cooking equipment. It will additionally provide the electrical infrastructure to electrify the future fleet and provide high speed charging facilities for LFC appliances. There is £22.4m in total as part of the revised Capital Strategy from 2024/25.

Air Travel

- Air travel decreased compared to last year, continuing the downward trend of air travel use over the last five years. Domestic travel continues to reduce, which is the most likely area that would readily be replaced by virtual meetings.

Air Travel	2018/19	2019/2020	2020/2021	2021/2022	2022/2023
Miles Travelled	288,403	167,541	5,304	184,420	39,268
CO ₂ from Air Travel (t)	54	46	0.9	22.28	4.94

- It continues to be challenging to offset emissions from air travel, since the end of the Government Carbon Offsetting Fund scheme, this was previously managed through the LFCs utility provider. This has not been possible in recent years as the service is not made available for supply volumes as low as that of the LFC.

Behaviour change/ Enabling Actions

- Carbon Literacy and Carbon Impact training will be implemented across the LFC, focusing on climate science, how climate change is impacting the LFC - both now and in future - and the actions that can be taken to minimise the impact on the environment.
- LFC manages and maintains an Environmental Management System (EMS) certified to ISO14001 to provide a consistent process for addressing environmental concerns through the evaluation of practices, procedures and processes.

Green tariffs

- The LFC purchase all electricity from the Laser framework which is a green tariff energy supplier.

Climate Adaptation

The LFC do not consider adaption can be made regarding reducing emissions, outside of wild fires which are considered an operational challenge. Our staff behaviour is subject to carbon literacy training courses.

Summary of measures included in the 2024-25 climate budget

Uncertainties around the climate budget include the requirements to increase the electrical capacity at all fire stations to manage the move away from Greenhouse Gas (GHG) and the availability from electrical distribution network operators.

The LFC's major concern is that reducing GHG emissions are mainly replaced by electrical equipment and presently electrical energy per kilowatt hour is ten times the cost of natural gas and therefore this continues to present return on investment feasibility concerns.

Buildings

The Carbon Net Zero Across the London Fire Commissioners Estate (LFC-0641) details several key actions to enable LFC to achieve Carbon reduction of the current property emissions net zero target by 2030, this measure results in an average annual CO₂e savings to 2030 of 107 tonnes CO₂e.

- Replace gas cooking equipment and gas appliance bay heaters with electric models across 40 sites.
- These sites have been selected where no electrical capacity upgrade work is required, and assets require replacement due to their remaining useful life.

To decarbonise the estate there will be a need to switch to an electrically powered heating solution. The proposed model is the implementation of a hybrid system of a conventional electric condensing boiler with an Air-source heat pumps (ASHP). The hybrid system of heating the station areas and hot water, would mean that the existing infrastructure could be utilised to provide heating and hot water to the station occupants. This would minimise disruption as the plant replacement works would be centred largely around the plant room and outside areas. This measure results in an average annual CO₂te savings to 2030 of 41 tonnes CO₂te.

- 3 sites have been identified for new ASHP to replace gas boilers, this has been costed into the Estate Capital Investment Programme (ECIP).
- Install 4 Solar PV arrays.

The Premises Asset Replacement Works for Projects (LFC-0533Y and LFC-0354) detail the key assets replacement works at various London Fire Commissioner (LFC) premises to avoid asset dilapidation. These measures result in an average annual CO₂e savings to 2030 of 809 tonnes CO₂e. These papers outlines the following building retrofit measures:

- Window replacement
- Appliance bay doors
- Roof replacement

As noted above, approval has also been received to increase the electrical capacity at fire stations, with the capital investment starting from 2024-25.

Fleet

The Replacement of LFC Fleet Cars/Officer Pool Cars (LFC-0562y) details the replacement of the LFC's current fleet of BMW i3s which were introduced to the fleet in 2016 and had an agreed life of five years. These vehicles are now at the end of their life and require replacement. The LFC are replacing these with 50 zero emission officer pool cars and 2 driver training cars. These measures result in an average annual CO₂e savings to 2030 of 246 tonnes CO₂e.

Future- project pipeline- process of identifying funding options.

To achieve Carbon Net Zero LFC have produced a Carbon Net Zero Strategy (FP1568) this Strategy has adopted 6 principles, demonstrating how LFC will move from the baseline level of emissions for scope 1 and scope 2 to a position of net zero;

- Principle 1: Opening the infrastructure
- Principle 2: Premises decarbonisation
- Principle 3: 100% renewable energy
- Principle 4: Carbon Offsetting and alternative fuels
- Principle 5: Moving to a Zero Emission Fleet
- Principle 6: Smart energy usage

LFC will continue to explore available options for funding including through future Budget submissions, grants and Green Finance.

Principle 1: Opening the infrastructure

Delivering carbon net zero across LFC will need a very significant increase in electrical power that will require the District Network operator (DNO) installing a dedicated 500kVA substation for 102 fire stations. The increase of available power at each LFC Station would have the added advantage that charging Hubs could be offered to partner organisations for vehicle charging. Circa 30kVA has been allowed for this. This could reduce pressure on public charge points and enhance the resilience of the GLA charging network for emergency services.

Principle 2: Premises decarbonisation

To decarbonise the estate there will be a need to switch to an electrically powered heating solution. The proposed model is the implementation of a hybrid system of a conventional electric condensing boiler with an ASHP across all remaining LFC sites.

Principle 3: 100% renewable energy

Over 70% of properties within LFC's portfolio currently have some sort of Solar Photovoltaic System (SPV) on-site. LFC currently has a generating capacity of 1.1MWp (Megawatt peak) and this capacity is to be increased by replacing some of the older systems and increasing the M2 area of the systems.

The LFC Carbon reduction strategy forecasts a significant decrease in emissions (3,143 tonnes of CO₂) from the baseline throughout 2025. This is the result of the planned switch by the GLA and LFC to a 100% renewable electricity Power Purchase Agreement (PPA) in 2025, meaning all electricity consumption can be declared zero emission. The PPA is a project that TfL have already started to implement and LFC have been requested to join during 2025, at which point all the Functional Bodies (FBs) will be expected to join. This will provide a suitable consumer base and provide a mass loading for electrical requirement which will serve to provide a stable agreement for the future.

Principle 4: Carbon Offsetting and alternative fuels

Despite the ambitious activities proposed, there will remain residual emissions that will need to be offset to meet net zero by 2030. It is estimated that there will be around 1,000 tonnes each year CO₂e of residual emissions that will need to be offset. The residual emissions will be made up of transportation that does not have an adequate electric alternative (including river boats), and from fuel needed in generators, to be used as resilience. However, the sector remains in its infancy and as a result, costs and quality of offsets are extremely variable at this stage. Moreover, in terms of emissions, offsetting does not reduce LFC's reported

core Scope 1 or 2 emissions and does not reduce tailpipe emissions from vehicles. Circa 4,286 tonnes are anticipated to need to be offset.

Biofuels

The use of alternative fuels would be deployed in the form of a “drop in” biofuels that have the potential to replace existing diesel use. The LFC’s current infrastructure, existing vehicle specification and maintenance risks dictate that the only drop in biofuel that can be considered is Hydrotreated Vegetable Oil (HVO). Running existing vehicles on HVO is a “steppingstone” carbon reduction solution for LFC whilst it continues to operate existing diesel vehicles. It is an accepted operational fuel for the manufacturers of most modern diesels, including those currently owned by LFC. For fuelling these vehicles HVO and diesel can be mixed in any percentage composition in the fuelling station storage tanks and the vehicle fuel tanks themselves.

Principle 5: Moving to a Zero Emission Fleet

Planning, delivering, and resourcing a Zero Emission Fleet by 2030 presents some major challenges for LFC. These issues are particularly challenging for the heavy specialist appliances that have a longer life (10-15 years). Shortening replacement plans to achieve the London net zero 2030 target and having battery electric vehicles (BEVs) as the only practical option presents huge challenges

In 2030, 232 operational vehicles (including 113 heavy specialist appliances) will be Zero Emission, representing 63% of the LFC owned fleet (366 vehicles in total). In consideration that 37% of the fleet will still be diesel in 2030, the use of biofuels represents a potential steppingstone to meet Net Zero Carbon targets – this is addressed further under Principle 4.

After 2030 efforts will continue to electrify the remainder of the fleet, responsible for a remaining 1,464 Tonnes (CO₂e). Government legislation on diesel vehicle obsolescence and decarbonisation means that replacing diesel vehicles and achieving net zero are issues that are inextricably linked.

LFC has led the Fire and Rescue sector in the UK with the development of the Zero Emission Pumping Appliance (ZEPA) Project. The learning from the ZEPA Project and the associated analysis gives a clear and highly valuable point of reference to inform and support the broader work required to achieve a zero-emission fleet.

The £7m project cost for ZEPA 2 spending has been agreed via the original paper (LFC 0034). The decision is based on the Corporate Management Board report and LES consultation (CMB098/17) and agreed in principle to work to establish a corporate project aimed at delivering a prototype low emission heavy vehicle to support delivery of the Mayors carbon reduction commitments.

Heavy frontline vehicles have a complex and extensive power requirement which in turn presents additional technical challenges and action is required to ensure suitable vehicles are available in time for the next wave of fleet replacements, scheduled for 2029. Therefore, LFC have an agreement under the Ultra Low Emission Fleet programme with the ZEPA project. The first trial vehicle and following evaluation moves forward to ZEPA 2 which is 10 vehicles for evaluation as an operational trial. ZEPA 1 is now being delivered to Hammersmith fire station and will commence a 2-year trial, followed by ZEPA 2 which is 10 zero emission vehicles.

Principle 6: Smart energy usage

Carbon Impact training will be implemented across the LFC, focusing on climate science, how climate change is impacting the LFC - both now and in future - and the actions that can be taken to minimise the impact on the environment. The BMS (Building management System) will be optimised to bring a new energy saving strategy into place across the fire stations. This will ensure that the plant operates efficiently, and breakdowns and alarms are dealt with swiftly. The energy portal, which can be accessed on any LFC workstation, will show the present energy data use for every fire station. This will encourage energy saving by providing live data about each fire station’s energy usage, comparing this to year on year

will give an indication of improvement. The LFC will continue to be involved in the National Energy Saving Competition, encouraging stations to implement best practice and reduce their energy consumption.

Funded Commitments

ID - 1	Climate Action	Description	Funding source	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes
A.1	Reduce scope 1 GHG emission	Replace 30 gas powered cookers with Electric	LFC	2024	2025	9,998
A.3	Energy reduction	Instal 4 Solar PV arrays	LFC	2024	2026	132
A.4	Energy reduction	Window replacement	LFC	2024	2026	1500
A.6	Energy reduction	Appliance bay doors	LFC	2024	2026	45.5
A.7	Energy reduction	Window replacement	LFC	2024	2026	325
A.8	Energy reduction	Roof replacement	LFC	2024	2026	1170
A.10	HDP	HDP at 9 buildings salix funding project	Salix/LFC	2024	2026	1,234
A 11	HDP	HDP at 5 buildings salix funding project	Salix/LFC	2023	2024	1,234
A 12	Tailpipe emission reduction	Replacement of 2 driver training cars	LFC	2024	2025	1,185
A 13	Carbon impact training	LFB staff- to have carbon literacy training for awareness and actions	Internal staff res	N/A	N/A	N/A
A 14	HDP	provision of HDP for the remaining estate buildings in conjunction with project order lists	LFC	2024	2029	enabler
A 15	Enabling	Provides essential infrastructure for CNZ	LFC/GFF	2024	2027	enabling measure

ID - 1	Year emissions savings start	Average annual CO2e savings to 2030, tonnes	Co-benefits	Responsibility	Milestones for 2024-2025	Total Exp. 24-25 £'000	Total Exp. 25-26 £'000	Total Exp. 26-27 £'000
A.1	2022	399	CO improvement	LFB property	project completion	160	-	-
A.3	2024	39	reduce energy usage	LFB property	Funding agreed for assessments	1,000		
A.4	2024	18	maintenance	LFB Property		300		
A.6	2024	430	maintenance	LFB property		4,415		
A.7	2024	15	maintenance	LFB property				
A.8	2024	40	maintenance	LFB property				
A.10	2024	296	Plant lifetime	LFB property	Project completion	4,337		
A 11	2026	296	Plant lifetime	LFB property	Grant awarded	2,715	2,715	-
A 12	2025			LFB FLEET				
A 13	n/a			LFB Sustainable Development				
A 14	enabler	enabler	Preparation for future Salix funding bids and GFF bids	LFB property				
A 15	n/a	n/a	allows property and fleet to de-carbonise	LFB carbon reduction team	DNO engagement	6,252	10,210	6,000

Unfunded Commitments

ID - 2	Climate Action Area	Climate Action	Description	Funding Source	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes or Enabling Measure	length of service	Year emissions savings start	Average annual CO2e savings to 2030, tonnes
B.1	Scope change	Electrical supply upgrade	Increase electrical capacity all 47 buildings	N/A	2024	2028/2029	enabling	50	N/A	N/A
B.2	Scope change	Removing gas dependency	Replace Gas powered boilers at 86 fire stations	N/A	2024	2028/2029	1180	25	2023	32.1
B.3	Scope change	Removing gas dependency	Replace gas powered appliance bay heaters at 86 stations	N/A	2024	2028/2029	795.5	25	2025	32.1
B.4	Scope change	Renewable generation	Increase the solar PPV arrays	N/A	2024	2028/2029			2024	
B.5	Scope change	Remove gas dependency	Replace gas cooking equipmen	N/A	2023/2024	2028/2029	333.25	25	2025	13.1
B.7	Scope change	Smart Energy Use	Telematics fitted to vehicles		2022/2023	2023/2024		50	n/a	
B.8	Scope change	Asset Replacement Programme	Replacement of OSUs		2022/2023	2023/2024	12			
B.9	Scope change	EV Asset Replacement Programme	Replacement of the hybrid SOG cars		2023/2024	2024/2025	5		0	
B.10	Scope change	EV Asset Replacement Programme	Replacement of the 6 hybrid commissioner cars		2024/2025	2025/2026	5			
B.11	Scope change	EV Asset Replacement Programme	Replacement of 11 vans		2024/2025	2025/2026	7			
B.12	Scope change	Charging Infrastructure	Install of chargepoints		2024/2025	2025/2026	n/a			
B.13	Scope change	EV Asset Replacement Programme	Replacement of 29 vans		2025/2026	2026/2027	7			
B.14	Scope change	EV Asset Replacement Programme	Replacement of 5 x Hose Layer Units		2025/2026	2026/2027	12			
B.15	Scope change	EV Asset Replacement Programme	Replacement of 1 Cold Cut Vehicle		2025/2026	2026/2027	7			
B.16	Scope change	EV Asset Prototypes	Purchase of 5 x ZEPA2 vehicles		2025/2026	2026/2027	12			
B.17	Scope change	Charging Infrastructure	Install of chargepoints		2025/2026	2026/2027	n/a	12		
B.18	Scope change	Charging Infrastructure	Install of chargepoints		2026/2027	2027/2028	n/a	12		
B.19	Scope change	EV Asset Replacement Programme	Replacement of 18 vans		2026/2027	2027/2028	7			
B.20	Scope change	EV Asset Prototypes	Purchase of 5 x ZEPA2 vehicles		2026/2027	2027/2028	12			
B.21	Scope change	EV Asset Replacement Programme	Replacement of 50 electric pool cars		2027/2028	2028/2029	5			
B.22	Scope change	Opening the infrastructure	upgrading of electrical supply capacity at stations 55 in phase one to provide additional EV charging and CNZ power requirements		2024/2025	2028/2029	Enabling	50		
B.23	Scope change	EV Asset Replacement Programme	Replacement of 2 driver training cars		2028/2029	2029/2030	5			
B.24	Scope change	EV Asset Replacement Programme	Replacement of the SOG cars		2028/2029	2029/2030	5			

ID - 2	Climate Action Area	Climate Action	Description	Funding Source	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes or Enabling Measure	length of service	Year emissions savings start	Average annual CO2e savings to 2030, tonnes
B.25	Scope change	EV Asset Replacement Programme	Replacement of 53 Dual Pump Ladders (DPL) - Year 1		2028/2029	2029/2030	12			
B.26	Scope change	EV Asset Replacement Programme	Replacement of 41 DPLs - Year 2		2029/2030	2030/2031	12			
B.27	Scope change	EV Asset Replacement Programme	Replacement of the Commissioner Cars		2029/2030	2030/2031	5			
B.28	Scope change	EV Asset Replacement Programme	Replacement of 52 DPLs - Year 3		2030/2031	2031/2032	12			
B.29	Scope change	EV Asset Replacement Programme	Replacement of 42 DPLs - Year 4		2031/2032	2032/2033	12			
B.30	Scope change	EV Asset Replacement Programme	Replacement of 1 All Wheel Drive (AWD)		2031/2032	2032/2033	7			
B.31	Scope change	EV Asset Replacement Programme	Replacement of 1 Detect, Identify and Monitor vehicle		2031/2032	2032/2033	7			
B.32	Scope change	EV Asset Replacement Programme	Replacement of 11 vans		2031/2032	2032/2033	7			
B.33	Scope change	EV Asset Replacement Programme	Replacement of 18 Fire Rescue Units (FRU)		2032/2033	2033/2034	12			
B.34	Scope change	EV Asset Replacement Programme	Replacement of 1 Cold Cut vehicle		2032/2033	2033/2034	7			
B.35	Scope change	EV Asset Replacement Programme	Replacement of 50 electric pool cars		2032/2033	2033/2034	5			
B.36	Scope change	EV Asset Replacement Programme	Replacement of 2 driver training cars		2033/2034	2034/2035	5			
B.37	Scope change	EV Asset Replacement Programme	Replacement of 29 vans		2032/2033	2033/2034	7			
B.38	Scope change	EV Asset Replacement Programme	Replacement of 9 Command Support Units (CSU)		2033/2034	2034/2035	12			
B.39	Scope change	EV Asset Replacement Programme	Replacement of 3 Operational Support Units (OSU)		2033/2034	2034/2035	12			
B.40	Scope change	EV Asset Replacement Programme	Replacement of 5 Heavy Distribution Units (HDU)		2033/2034	2034/2035	12			
B.41	Scope change	EV Asset Replacement Programme	Replacement of the SOG cars		2033/2034	2034/2035	5			
B.42	Scope change	EV Asset Replacement Programme	Replacement of 18 vans		2033/2034	2034/2035	7			
B.43	Scope change	EV Asset Replacement Programme	Replacement of 12 32m Turntable Ladders (TL)		2034/2035	2035/2036	15			
B.44	Scope change	EV Asset Replacement Programme	Replacement of 3 64m TLs		2034/2035	2035/2036	15			
B.45	Scope change	EV Asset Replacement Programme	Replacement of the Commissioner Cars		2034/2035	2035/2036	5			
B.46	Scope change	EV Asset Replacement Programme	Replacement of 5 x Hose Layer Units		2037/2038	2038/2039	12			
B.47	Scope change	EV Asset Replacement Programme	Replacement of 50 electric pool cars		2037/2038	2038/2039	5			

Appendix 12
Draft Letter to FREP Committee

Anne Clarke AM
Chair, Fire, Resilience and Emergency Planning Committee

City Hall,
The Queens Walk
London
SE1 2AA

Dear Chair,

LFC Reserves Strategy and Medium-Term Financial Strategy

The purpose of this letter is to provide the Fire, Resilience and Emergency Planning (FREP) Committee with a copy of the Reserves Strategy and Medium-Term Financial Strategy for the London Fire Commissioner (LFC) for review and consideration. This is to ensure that the LFC complies with relevant governance reporting requirements.

The Home Office published, in May 2018, its updated fire and rescue national framework, which set out the Government's priorities and objectives for fire and rescue authorities (FRAs). The framework sets out the documents each FRA is required to produce including an integrated risk management plan, an annual statement of assurance and its financial plans including an Efficiency Plan, a Medium-Term Financial Strategy and a Reserves Strategy.

As part of the 2024/25 budget process a Reserves Strategy and Medium-Term Financial Strategy (incorporating efficiency plan requirement) have been prepared to support decision making and the ultimate approval of the 2024/25 Budget for the LFC.

Draft versions of these documents are included in the Budget Submission to the Mayor, provided to meet the 24 November 2023 deadline. A copy of that submission is attached to this letter.

I would be grateful if the FREP Committee could review and consider these two documents and provide any comments so that these can be considered as part of finalising the LFC Budget for 2024/25.

Yours sincerely

Andy Roe
London Fire Commissioner

Appendix 13
Budget Submission to the Mayor

The following table sets out LFC's budget on an objective basis.

Objective analysis	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Operational Delivery	332.1	336.5	345.5	355.5	366.3
Corporate Services	104.2	98.6	102.5	102.2	101.6
People (including training)	40.4	42.6	52.3	53.2	57.7
Transformation	3.6	3.5	9.2	8.6	6.8
Communications	3.3	3.3	3.8	3.9	3.9
Net service expenditure	483.6	484.5	513.3	523.4	536.3
Capital financing costs	11.5	9.7	15.8	21.0	25.6
External interest receipts	0.0	0.0	(4.5)	(4.5)	(4.5)
Net expenditure	495.1	494.2	524.6	539.9	557.4
Transfer to/(from) reserves	(15.1)	(14.7)	(22.5)	(12.8)	0.0
Savings to be found	0.0	0.0	0.0	(5.9)	(16.4)
Financing requirement	480.0	479.5	502.1	521.2	541.0
Council tax collection fund deficit	0.0	0.0	0.0	0.0	0.0
Services Grant	0.0	0.0	0.0	0.0	0.0
Retained business rates	252.3	252.3	258.8	264.0	269.3
Specific grants	32.6	32.1	31.8	31.8	31.8
Council tax requirement	195.1	195.1	211.5	225.4	239.9

The following table sets out the change in council tax requirement.

Changes in the council tax requirement	£m
2023-24 council tax requirement	195.1
Changes due to:	
Net change in service expenditure and income	30.4
Including:	
Inflation	10.1
Investment - Business as Usual	4.4
Investment - CRMP	5.6
Investment - Modern Firefighting & Training	9.7
Use of reserves	(7.4)
Government grants	0.0
Retained business rates funding	(6.6)
Council tax collection fund deficit	0.0
2024-25 council tax requirement	211.5

The expected movements over the planning period are shown in the table below.

Movement in reserves during financial year	Outturn 2022-23 £m	Forecast 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Opening balances	117.0	108.6	74.8	52.3	39.5
<i>Transfers to/from:</i>					
Earmarked reserves	(9.9)	(34.1)	(22.5)	(12.8)	0.0
General reserves	1.5	0.3	0.0	0.0	0.0
Closing balances	108.6	74.8	51.1	39.5	39.5

The table below sets out the Capital Plan by expenditure type and funding requirement.

Draft capital plan	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m	Plan 2027-28 £m
<i>Expenditure</i>					
IT projects	5.4	13.4	8.0	5.1	4.7
Major refurbishments	(0.1)	3.8	22.3	24.5	14.9
New developments	1.2	1.5	0.0	0.0	0.0
Minor works	4.4	8.2	6.6	0.8	0.1
Sustainability works	9.4	8.3	5.9	6.3	6.3
Appliance bay doors	0.7	1.0	2.0	0.1	0.0
Fire Brigade fleet re-procurement	2.4	1.6	7.3	4.0	2.5
Operational Equipment	5.8	0.0	0.0	0.0	0.0
Communications	0.0	0.1	0.3	0.3	0.0
Total expenditure	29.2	37.9	52.4	41.1	28.5
<i>Funding</i>					
Capital Receipts	0.2	0.0	11.3	0.0	0.0
Capital Grants & Third Party Contributions	0.0	0.0	0.0	0.0	0.0
Borrowing	21.2	37.9	41.1	41.1	28.5
Revenue Contributions	7.8	0.0	0.0	0.0	0.0
GLA Grant	0.0	0.0	0.0	0.0	0.0
Total funding	29.2	37.9	52.4	41.1	28.5

The following table sets out LFC's budget on an objective basis.

Subjective analysis	Revised Budget 2023-24 £m	Forecast Outturn 2023-24 £m	Budget 2024-25 £m	Plan 2025-26 £m	Plan 2026-27 £m
Operational staff	307.0	311.0	314.6	324.5	334.5
Other staff	71.0	72.1	74.6	76.7	78.9
Employee related (1)	32.0	31.8	42.0	42.7	46.7
Pensions	20.8	20.8	20.8	20.8	20.8
Premises	47.8	46.1	46.2	47.5	53.3
Transport	18.6	20.4	18.6	18.6	18.6
Third party payments	1.3	1.4	1.3	1.3	1.3
Supplies and services (2)	37.0	35.7	45.1	43.1	34.9
Total operating expenditure	535.5	539.3	563.3	575.2	589.0
External interest receipts	0.0	0.0	(4.5)	(4.5)	(4.5)
Capital financing costs	11.5	9.7	15.8	21.0	25.6
Total expenditure	547.0	549.0	574.7	591.7	610.1
Fees and Charges	(51.9)	(54.8)	(50.0)	(51.8)	(52.7)
Total income	(51.9)	(54.8)	(50.0)	(51.8)	(52.7)
Transfer to/(from) reserves	(15.1)	(14.7)	(22.5)	(12.8)	0.0
Savings to be identified	0.0	0.0	0.0	(5.9)	(16.4)
Financing requirement	480.0	479.5	502.0	521.2	541.0
Council tax collection fund deficit	0.0	0.0	0.0	0.0	0.0
General Services Grant 23-24	0.0	0.0	0.0	0.0	0.0
Retained Business Rates	252.3	252.3	258.8	264.0	269.3
Specific grants	32.6	32.1	31.8	31.8	31.8
Council tax requirement	195.1	195.1	211.5	225.4	239.9

(1) Includes investment in Modern Firefighting & training

(2) Includes future years targeted rolling review, but saving area subject to change

The table below sets out the Capital financing costs.

Capital financing costs	2024-25 £m	2025-26 £m	2026-27 £m
Provision for repayment of debt	12.7	16.5	19.4
External interest	3.1	4.5	6.2
Total	15.8	21.0	25.6

The table below sets out the authorised limit for external debt.

Authorised limit for external debt	Current Approval 2023-24 £m	Revised Approval 2023-24 £m	Proposed 2024-25 £m	Proposed 2025-26 £m	Proposed 2026-27 £m
Borrowing	175.0	175.0	175.0	175.0	175.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0
Total	245.0	245.0	245.0	245.0	245.0

The table below sets out the operational limit for external debt.

Operational limit for external debt	Current Approval 2023-24 £m	Revised Approval 2023-24 £m	Proposed 2024-25 £m	Proposed 2025-26 £m	Proposed 2026-27 £m
Borrowing	170.0	170.0	170.0	170.0	170.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0
Total	240.0	240.0	240.0	240.0	240.0