

# LFC Budget 2026-27

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**Report to:**  
Investment & Finance Board  
Commissioner's Board  
Fire Board

**Date:**  
26 February 2026  
11 March 2026  
24 March 2026

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**Report by:**

Principal Budget Planning Accountant

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**Authorising Head of Service:**

Catharine Gregory, Assistant Director of Finance

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**Report classification:**

For decision

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**For publication**

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**Values met**

Service  
Integrity  
Teamwork  
Equity  
Courage  
Learning

I agree the recommended decision below.



**Jonathan Smith**  
London Fire Commissioner

**This decision was remotely  
Date signed on 30 March 2026**

# PART ONE

## Non-confidential facts and advice to the decision-maker

### Executive Summary

This report presents the London Fire Commissioner's (LFC) final revenue and capital budget for 2026-27 for approval. In the context of a challenging financial climate, a balanced budget proposal for 2026-27 has been achieved through a combination of prioritisation, efficiency savings and additional funding from the Mayor of London. This has enabled the LFC to modernise its firefighter training alongside protecting frontline delivery and regulatory capabilities in 2026-27 to ensure that the London Fire Brigade (LFB) remains trusted to serve and protect London.

### Recommended decision

For the London Fire Commissioner

That the London Fire Commissioner approves:

1. The Budget Submission for 2026-27 to the Mayor that includes:
  - a. A draft Medium-Term Financial Strategy (MTFS) covering the period to 2028-29 at Appendix 1.
  - b. Savings of £6.2 million in 2026-27, as set out in appendix 2.
  - c. A total increase of general fund reserves of £2.5 million in 2026-27.
  - d. Departmental Investment proposals of £3.8 million in 2026-27 as set out in Appendix 3.
  - e. A draft 20-year Capital Strategy together with a detailed four-year capital plan at Appendix 7.

# 1 Introduction and background

- 1.1 This report updates the budget proposals included in the Budget Submission to the Mayor in November 2025 (LFC-25-089), which was based on a funding level of £557.3 million in 2026-27. It was noted that, despite identifying £6.2 million of savings, in order to balance the budget for 2026-27, either additional income or further savings of £12.2 million would be required.
- 1.2 LFB subsequently reviewed the phasing of its Modern Firefighting Strategy and concluded that the investment requirement for 2026-27 could be reduced from £8.3m to £5m, thereby reducing the budget gap by £3.3m to £8.9m. In the Mayor's Final Draft Consolidated Budget, which was considered at the meeting of the London Assembly on 26 February 2026, the Mayor allocated an additional £8.9 million of funding to LFB to close this gap. These are detailed further in section 3 of this report below. The LFC is grateful for this support from the Mayor, which enables the Brigade to protect frontline services and regulatory capabilities, whilst also continuing to improve in areas including training.
- 1.3 The Capital Programme and Capital Strategy for the LFC have also been reviewed and updated proposals set out in this report. This includes a re-profiling of budgets to ensure it reflects the latest expected delivery profiles.
- 1.4 LFB protects and serves a diverse population of nine million London residents in which there are 300 spoken languages and more than a million people with disabilities. LFB receives more than 200,000 calls each year on average (around a quarter of all calls to fire services nationally) and tackles 16,000 fires. London contains between 65-70% of the UK's high-rise buildings and four times the UK national average for high-rise homes.
- 1.5 Following the tragic fire at Grenfell Tower in 2017, LFB went through a period of transformation to better serve our communities, and to earn the right to be trusted to serve and protect London. The November 2024 report by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) set out clearly LFB's trajectory of improvement. LFB was also the first organisation to complete all recommendations directed towards it by Phase One of the Grenfell Tower Inquiry (GTI). This improvement directly reflects both the level of funding LFB has received over recent years and how it has invested that money wisely. Our firefighters and control room officers are better trained, equipped and prepared to respond to fires and other emergencies in London and hundreds of lives have been saved as a result. Our approach to high-rise firefighting has significantly changed and this was demonstrated at the terrible fire in Dagenham in August 2024, where firefighters evacuated 80 residents and undertook 20 rescues.
- 1.6 The risk environment that London Fire Brigade is operating within at the moment is unprecedented in terms of the varied nature of threats. This includes:
  - Built environment – we still have over 1,500 buildings with a changed evacuation strategy due to building safety issues and that doesn't account for all the other types of buildings we are responsible for;
  - Terrorism – While we are better equipped to respond to a terrorist incident through our Marauding Terrorist Attack (MTA) capability, we are seeing this risk expand into other areas, such as incidents involving malign state actors;
  - Climate Change – The wildfires in July 2022 were a lesson about the scale of risk that climate related events pose even to an urban service like London where we have significant interface between urban and rural environment. Spring 2025 was the driest in over a century, and London experienced four heatwaves by mid-summer. Despite intermittent rainfall, the ground remained dry and highly flammable and over the summer we experienced the highest number of wildfires since 2022;
  - Technology – The pace of technological change is remarkable and comes with challenges of understanding how we adapt to promote the safe use of new technology, whether that is e-bikes, e-cars or battery storage systems.

- 1.7 This all points to the fact that firefighting today is a very complex and multi-faceted role and therefore continued investment is required to manage these risks, including in operational training.
- 1.8 There are several financial challenges facing LFB, many of which are reflected across fire services nationally. This is set against the context of a real term's reduction in the annual funding to the LFB in excess of £150 million when comparing against funding in 2010 uplifted for inflation. This is despite the current Mayor providing support over and above central government funding. Against our global comparators the LFB is a significantly smaller organisation compared to equivalent services in major cities such as New York, Paris, Tokyo and Hong Kong<sup>[1]</sup>.

## 2 The Mayor's Final Draft Consolidated Budget

- 2.1 The Mayor's Final Draft budget was published on 18 February 2026 and subsequently approved without amendment by the London Assembly on 26 February 2026.
- 2.2 The Mayor is proposing to increase the fire element of their Council Tax precept by £5.13 in 2026-27 to £76.85 (Band D) – equivalent to the monetary impact of a 3 per cent increase on the 2025-26 non-police precept – which is below the maximum 3 per cent allowed before a referendum is required under the draft council tax referendum principles for 2026-27 for equivalent fire and rescue authorities in England.

	2025-26 (£m)	2026-27 (£m)	2027-28 (£m)	2028-29 (£m)
Retained Business Rates	300.1	322.1	319.4	325.8
Council Tax	231.8	251.5	271.2	292.0
<b>Total Mayoral Funding to LFB</b>	<b>531.9</b>	<b>573.6</b>	<b>590.6</b>	<b>617.8</b>

- 2.3 The Mayor has also reviewed assumptions regarding business rates income and increased forecast levels in 2026-27. This also includes the funding provided to the LFC.

## 3 Development Process

- 3.1 The Mayor's Budget Guidance for 2026-27 for the Greater London Authority (GLA) and the functional bodies was issued on 9 July 2025. 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.
- 3.2 In his Budget Guidance the Mayor 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 to each functional body, including the LFC, from the resources under his control.
- 3.3 The Mayor then set out funding totals for each functional body, which are all based on a prudent, but not worst-case, assessment of council tax and business rates income. This assessment assumed a 2 per cent increase in business rates in line with inflation, a 3 per cent increase in council tax precept and an increase in the council tax base of 1.1 per cent in 2026-27.

<sup>[1]</sup> London has less than 5,000 operational firefighters compared to 11,000 in New York and 8,650 in Paris. Tokyo and Hong Kong have over 18,000 and 10,000 operational staff respectively; this includes Emergency Medical Staff but the bulk of the workforce are firefighters.

- 3.4 This year's budget process has seen an emphasis on ensuring the budget supports the key strategic priorities for the LFC and linked to the Community Risk Management Plan (CRMP). There has been a strong focus on prioritising our resources towards the areas of highest risk and ensuring we continue our journey of improvement in our operations and culture.
- 3.5 The Mayor published his Consultation Budget and Draft Capital Spending Plan for 2026-27 for consultation on 3 December 2025. This consultation closed on Sunday 4 December 2025. The Mayor proposed to provide funding of £557.3 million for the London Fire Commissioner in that year, in line with the amount included in the LFC's Budget Submission to the Mayor.
- 3.6 The Mayor then published his Final Draft Consolidated Budget 2026-27 on 18 February 2026 which included increases to LFC funding allocations of £11.9 million for 2026-27 onwards (net £8.9 million after taking account of a £4.4 million re-classification of National Insurant grant Income into base funding from the GLA), against the proposed funding level as set out in the original Mayor's Budget Guidance. This position is summarised in the below table.

Table 1: Funding Proposed by the Mayor

	2026-27 £m	2027-28 £m	2028-29 £m
<b>LFC's Budget Submission to the Mayor / Mayor's Consultation Letter to the LFC</b>	<b>557.2</b>	<b>583.1</b>	<b>610.1</b>
<b>Mayor's Final Consolidated Budget</b>			
Additional Business Rates	16.3	7.5	7.7
<b>Total Revised GLA Funding</b>	<b>573.6</b>	<b>590.6</b>	<b>617.8</b>
Re-classification of NI Grant into GLA funding	(4.4)	(4.4)	(4.4)
Amounts previously committed from GLA Group Reserves but not formally in Control Totals	(3.0)	(3.0)	(3.0)
<b>Net increase in overall Funding Level</b>	<b>8.9</b>	<b>0.1</b>	<b>0.3</b>

- 3.7 In making the proposals contained within this report, consideration has been given to the LFC's strategic objectives and Value for Money (VfM), including:
- The number of fire stations, appliances and firefighters are not reduced.
  - There are no reductions in regulatory capabilities.
  - Delivery of the [CRMP](#).
  - An adequate training offer to keep pace with the evolving risk environment in London.
  - Appropriate investment continues to be made in improvement activity, including culture change.
  - Resources are available to meet the recommendations arising from both the Grenfell Tower and Manchester Arena Inquiries and improvement plans from the HMICRFS inspections.
  - Adequate investment in core infrastructure is maintained.
  - Appropriate resources are set aside to deliver key strategies and priorities.
  - 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 General Fund balance will be maintained at a sustainable level.
  - Opportunities for innovative and modern ways of working will be adopted as far as possible.

## 4 Budget Process 2026-27 Core Themes

- 4.1 The 2026-27 budget process was developed under three core themes that have continued from the prior year process, these being; Business as Usual (including continuous improvement), CRMP Delivery and Efficiencies and Savings. These were considered alongside central assumptions around inflationary pressures and financial risks.

- 4.2 In comparison to prior years, the overall investment within Transformational programmes has reduced as a consequence of embedding investments within Business as usual/core departmental activities, ensuring the large-scale improvements over the recent years are embedded into every day practices.
- 4.3 Throughout the early stages of this process, it was evident that in order to maintain and build upon the Modern Firefighting Training Strategy it would be challenging to deliver a balanced budget for 2026-27 and future years. In prior budget reports it has been noted that LFB would use the Fire Safety Improvement Reserve over two financial years (2024-25 and 2025-26), however in order to continue this strategy after March 2026 there would need to be additional funding sought or further savings to be made.
- 4.4 In assessing savings opportunities across the organisation, we have been mindful of the evolving risk environment, Mayoral commitments around frontline resources and ambitious savings already made / committed to. Frontline costs, including on-costs and fixed costs are 83% of total expenditure; adding in statutory costs (prevention and protection department) increases this to 86%. This means the scope for further savings in support costs, following the £28m of savings for 2025-26, is limited. Nevertheless, LFB has continued to look at more opportunities for efficiencies and productivity improvements and identified further incremental savings of £6.2 million in 2026-27.
- 4.5 LFB has continued to look at its Modern Firefighter Training Strategy after the November consultation budget and what would be achievable in 2026-27 which has since resulted in a £3.3m re-reprofile in investment, removing this from 2026-27 and into future years.
- 4.6 Within Transformation Programmes an early decision was made to cap investment to a similar level of prior years, recognising much of the investment (for example in improving culture) has been transferred into core / business-as-usual departmental budgets. Investment for 2026-27 of £8.9 million in total and includes investment of £5 million for the Modern Firefighter Training Strategy (see Appendix 4).
- 4.7 This however still left a residual budget gap of £8.9 million. Recognising that the Brigade had gone as far as it could in terms of efficiency savings for 2026-27, this residual gap was subsequently closed by the Mayor in his Draft and Final Consolidated Budget.

## 5 Budget Update

- 5.1 The financial pressures and reductions within the LFC's Medium Term Financial Planning (MTFP), investment and savings have been kept under review (including reflecting on the experience of delivering the £28m savings target for 2025-26) and the table below sets out the additional changes that have been identified following the publication of the LFC's budget submission to the Mayor on 24 November 2025.
- 5.2 Table 2 below sets up a summary of these movements, with additional information on pressures after the table. This sets out an overall balanced budget for 2026-27.
- 5.3 The increased income reflects additional funding from the Mayor to meet the budget requirement (£8.9 million).
- 5.4 Table 2 below also sets out the expected budget deficit from 2027-28 of £9.8 million, before a balanced budget in 2028-29. The future year deficit largely relates to investment in operational training that have been funded through the Fire Safety Improvement Reserve in 2024-25 and 2025-26 which has now been fully exhausted for that purpose. The Mayor has given additional

one-off investment currently to support this in 2026-27, with the requirements for future years to be determined in the 2027-28 budget planning round.

Table 2: Updates to MTFP since 24 November 2025 submission

	2026-27 (£m)	2027-28 (£m)	2028-29 (£m)
Reduction in Contract review savings (from previous assumptions)	0.8	0.0	0.0
Water hydrants repairs and associated streetworks	0.6	0.6	0.6
Reduction in data efficiency savings (from previous assumptions)	0.5	0.5	0.5
Latest savings profile of further cross cutting service savings	0.5	0.0	0.0
Personal Injury Claims	0.4	0.4	0.4
Reversal of prior year savings	0.2	0.2	0.2
Cyber Security post in ICT	0.1	0.1	0.1
Continuation of Grenfell Advisor post	0.1	0.1	0.1
Replacement Mobilising System – additional costs	0.1	0.1	0.1
Increase in contingencies for risk items (will be transferred to General Reserve if not required)	1.6	0.0	0.0
<b>Total Pressures</b>	<b>4.9</b>	<b>2.0</b>	<b>2.0</b>
Additional Mayoral Funding in Control Totals	(8.9)	(0.1)	(0.3)
Re-phasing of Modern Firefighting Phase 2 Investment in 2026-27 down to £5m in total (resulting in net investment reduction in 26-27)	(3.3)	0.0	0.0
Review of HQ rental income assumptions	(2.0)	0.0	0.0
Additional HQ Income (GLA desks on 3 <sup>rd</sup> floor)	(0.2)	0.0	0.0
Mobile telecom masts – additional income	(1.0)	(1.0)	(1.0)
Lease cars	(0.1)	(0.1)	(0.1)
Local Government Pension Scheme Contributions	(0.1)	(0.1)	(0.1)
Reduction in property rates assumptions	(0.5)	(0.2)	0.0
Reduction in transfer to reserves	0.0	0.0	(0.5)
Review of Capital Financing Charges (MRP and Interest Charges)	(1.0)	0.0	0.0
<b>Total Reductions</b>	<b>(17.1)</b>	<b>(1.5)</b>	<b>(2.0)</b>
24 November 2025 Budget Deficit (+) / Surplus (-) Position	12.2	9.6	0.0
<b>Revised Overall Budget Position</b>	<b>0.0</b>	<b>10.1</b>	<b>0.0</b>

#### Contract Review Savings

- 5.5 This adjustment is in recognition that a number of the contract savings during 2025-26 either related to capital or were captured in departmental budgets (e.g. reduction in Airwave costs in ICT budget), so the target has been revised to a more realistic level. The current conflict in the Middle East is already impacting on energy prices and some other commodities and could have wider impacts on supply chains and prices.

#### Water hydrants and associated streetworks

- 5.6 This reflects the conclusion of a longstanding negotiation with Thames Water regarding the increase in the costs for water hydrant repairs and associated streetworks.

#### Data Efficiency

- 5.7 This pressure is in recognition that the target for cashable savings needs to be adjusted to reflect the conclusion of the data management review and the identified overlaps with the Process Efficiencies Project (which increased its target savings for 2026-27).

#### Reversal of prior year saving

- 5.8 This pressure is due to an assumption that savings could be made in an area which are no longer feasible.

#### Cyber Security ICT Post

- 5.9 This pressure is to allow for a specialist cyber security post with the ICT department to safeguard against increased cyber risks.

#### Grenfell Advisory Post

- 5.10 This pressure is to allow for a Grenfell advisory post to be included in the base budget to support ongoing work. Previously this was funded through the one-off use of reserve.

#### Replacement Mobilising System

- 5.11 There are additional costs in the implementation of the new mobilising system that were previously thought to be borne by the supplier as part of the contract.

#### **Risk Items**

- 5.12 There remains some potential risks that may materialise within 2026-27. This includes items such as the national procurement exercise for a revised specification on PPE workwear, of which LFB is part of, as well capital financing costs estimates in light of uncertainty regarding future interest rates and any impact of the current conflict in the Middle East. However they are currently not quantifiable and likewise the value is uncertain. There is therefore an increase in contingencies of £1.6 million if any of these items materialise. Any unused element will be transferred to General Reserve.

#### **Results Based on Prior Investment**

- 5.13 Over recent years the Brigade has been subject to important external reports, which called for change across the whole organisation.
- 5.14 The Phase One report of the Grenfell Tower Inquiry made a total of 29 recommendations, which the LFC accepted and set out at pace to deliver. By March 2024 all 29 of the recommendations had been delivered.
- 5.15 In December 2022, HMICFRS placed the Brigade in "Engage" due to the scale of improvements that were required to be made regarding culture, as evidenced by their own assessments and the findings of the Independent Culture Review that was initiated by the Commissioner. All fire and rescue services are in routine monitoring under a "scan" process by default, but this may be escalated to the "engage" level, which entails enhanced monitoring if the concerns of the inspectorate are not being adequately addressed. HMICFRS continued to "engage" with LFB and in March 2024 we were moved out of the enhanced monitoring with the inspectorate noting the following:
- clear involvement of staff in developing values, with significant work to communicate values to staff;
  - most staff that HMICFRS spoke to felt senior leaders displayed brigade values;
  - clear commitment to improve leadership skills among managers through an ongoing programme of leadership training;
  - clear progress in the Brigade's ongoing plan to improve its human resources function;
  - improved processes to deal with behaviours such as bullying and discrimination, including establishing a Professional Standards Unit;
  - a comprehensive plan in place to improve vetting of Brigade staff; and

- assurance in the sustainability of the Brigade's plans to change its culture.
- 5.16 All the improvements that could be seen by HMICFRS and with the addition of addressing all 23 of the recommendations of the Independent Culture Review, would not have been made possible without strong senior leadership and financial investment to remedy historic issues.
- 5.17 In summer 2024 the HMICFRS undertook its latest (Round 3) full inspection of LFB. The inspection was wide-ranging and included strategic interviews, focus groups and visits to fire stations and control to consider:
- The service we provide to the people of London and the way we use our resources.
  - How effectively and efficiently we protect the public.
  - How we respond to fire and other emergencies.
- 5.18 The inspectors also looked at how we spend our time at work, our experiences while at work, and how well we look after our people. The Inspectorate's report, which was published in November 2024, stated that they found significant improvements in our performance since our last inspection in 2022. The report highlights that London Fire Brigade has improved across ten of the eleven measures used in the inspection, including moving to 'Good' for Making best use of resources and 'Outstanding' for Responding to major and multi-agency incidents. HMICFRS will be undertaking their Round 4 full inspection of the LFB later in 2026.
- 5.19 The Grenfell Tower Inquiry Phase 2 report made further recommendations. The LFB section of the report contains thirteen recommendations; one of which is specifically for the Brigade, five are for all Fire and Rescue Services, and the remaining seven are for HM Government, HMICFRS, the National Fire Chiefs Council and the British Standards Institution. We accepted all the recommendations aimed at the Brigade and Fire and Rescue Services and support the remaining recommendations. Our response set out LFB's position in detail. The response also made clear that we will develop a position on the wider recommendations which, although not aimed at LFB, are relevant to our communities and include wider building and fire safety issues.
- 5.20 The recommendation directly aimed at LFB, implementing change, is focused on creating robust systems to gather, review and implement lessons from previous incidents, inquests and investigations. Our response is clear that the Brigade has fully accepted this recommendation, committing to being a listening and learning organisation to ensure lessons from incidents are learned and good practice is shared across the organisation and with key agencies.

### **Staff Pay**

- 5.21 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 per cent for pay at the start of the budget process. This assumption has been applied across all three years of the MTF5 and therefore any increase or decrease on this position would see a corresponding risk or opportunity in the overall context of the budget position. Each 1 per cent change in pay is equivalent to around £4.5 million in cost for all staff groups.

### **Funding against the Assessment of Risk 2025**

- 5.22 The LFB published its updated Assessment of Risk in London 2025. It reflects significant shifts in the risk profile across London, particularly in relation to geopolitical tensions and terrorism, poor health and health inequalities, adoption of new fuels and climate change.
- 5.23 In addition to providing a world class emergency response capability, our investment needs to fund an integrated, holistic approach to risk reduction. Our work to engage the public is vital if we are to secure and maintain their trust; without it, we are unable to educate and effect behavioural change. Our campaigning to improve regulation of the built environment and to highlight the risks associated with

lithium-ion batteries is vital to informing public policy and has helped shape legislation during the current Parliament. Following the King's Speech in July 2024, the government announced the introduction of the Product Safety and Metrology Bill. This has since been passed into legislation as the Product Regulation and Metrology Act 2025 on 21 July 2025. The Act strengthens product regulation (including for e-bikes), addresses modern day safety issues and increase product safety from online marketplaces.

### **Departmental Investment**

- 5.24 As part of the current year's budget process in comparison to previous years budget cycles, there was a relatively modest number of investments put forward. As part of the director scrutiny process and ongoing work, all investments were scrutinised in order to address the challenge of delivering a balanced budget. See Appendix 5 for investments that are supported for 2026-27.

### **Pension Valuations**

- 5.25 The results of the last actuarial valuation of the firefighter pension scheme have been factored into the LFC's budget. We are awaiting the confirmation from the government of pensions grant for 2026-27.
- 5.26 For the Local Government Pension Scheme (LGPS) for non-operational staff, the preliminary results of the actuarial valuation as of 31 March 2025 has been circulated by the London Pensions Fund Authority (LPFA) on 14 November 2025. Early indications are that there is a reduction in the employer contribution from the current 14.2% to 14.0%. This would equate to a reduction in contributions by LFB of approximately £0.1 million. This has been factored into planning assumptions.

### **Establishment**

- 5.27 Workforce planning continues to be carried out every month and discussed at Establishment Board.
- 5.28 The future Full-time Equivalent (FTE) information is also predicated against new investments and savings held within the budget and therefore subject to change.
- 5.29 The most recently available establishment information (as at the end of February 2026) had the following;

<b>Role / Rank Type</b>	<b>Total FTE Establishment</b>
Operational (Excluding Trainee FFs)	4807.41
Control	126.00
FRS	1097.62
<b>Total</b>	<b>6031.03</b>

### **Savings, efficiencies and productivity**

- 5.30 As previously noted a total of £6.2 million (existing and new proposals) in Budget reductions are proposed for 2026-27.
- 5.31 To achieve these savings, LFB have worked hard to reduce the impact on individuals and teams, and tackle this as far as possible by improving efficiency and reducing unnecessary spend. In the previous budget, £28.2 million of savings formed that plan. This has therefore made the scope for further savings more challenging, however there are still savings that can be achieved, showing that the organisation will always look to be as efficient as possible.
- 5.32 Appendix 2 sets out how the savings will be delivered by directorate. The savings comprise: savings within directorates and cross-cutting savings.

- 5.33 The portfolio funding envelope has been set at £8.9 million for the year, focused on the CRMP priorities. A number of budgets and activities have transitioned from programmes to departmental business-as-usual work or projects.
- 5.34 The cross-cutting savings include a target for contracts due to be renewed in the coming year, savings through the Vacancy control Panel for FRS staff, reductions in pre-arranged overtime through better absence management, and a target for process efficiencies.
- 5.35 A total of £6.2 million (existing and new proposals) in Budget reductions are proposed for 2026-27. This can be seen within the table below. Given that 86 per cent of LFB's costs relate to the front line including on-costs and fixed costs and statutory activities, the scope for further savings in support costs, following the £28 million of savings identified for 2025-26, is limited. The new savings have been identified based on experience of delivery of the savings for 2025-26 and as a result of further reviews (for example of the contract renewal opportunities).

<b>Savings</b>	<b>2026-27 £'000</b>
Existing Departmental Savings (from prior budget process)	948
New Departmental Savings (2026-27 budget process)	3,467
<b>Total Departmental Savings</b>	<b>4,415</b>
Additional Cross-cutting / Review Savings 2026-27	1,764
<b>Total (Departmental + Budget Review Proposals)</b>	<b>6,179</b>

#### **Wider efficiencies and productivity**

- 5.36 LFB must 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 per annum. Across 2023-24 to 2025-26 the LFB submission included an average of 13.52 per cent of non-pay efficiencies which is well above the target set. The latest version of the Productivity and Efficiency Plan was submitted to the Home Office for 2025-26 in line within the prescribed deadline of 30 April 2025. The next iteration of the Productivity and Efficiency Plan is required to be published by the 30 April 2026.
- 5.37 Staff productivity is challenging to measure accurately or consistently across services. Nevertheless, LFB 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. Changes to the way LFB respond to Automatic Fire Alarms (AFAs) also allow LFB to spend more time on protection work, such as fire safety checks in homes and businesses, as well as operational training. It also reduces the risk to the public through fewer 'blue light' emergency responses. More broadly, the set of KPIs linked to the CRMP that enable LFB to better understand and improve productivity across a range of disciplines.

#### **People and Culture**

- 5.38 Following the Independent Culture Review (2022) a key priority and focus for LFB is people and culture, which is vital to achieve continuous improvement. Following the Grenfell Tower Inquiry Phase 2 and HMICFRS Round 3 inspection the key priorities and recommendations are considered and being worked upon. The People Services (HR) function is integral to delivery of the CRMP, which includes a focus on services being delivered by the right people with the right skills and capability.
- 5.39 The Professional Standards Unit (PSU) was established in January 2024, to provide a dedicated resource and focus on ensuring that fair and robust standards are upheld within the workforce. Such standards include considering any allegations or incidents of bullying and harassment claims, discipline and grievance issues. Following the appointment of the existing Director for People (January 2025) it

became clear that the People Services Business partnering team would benefit from working more closely with the PSU team. In the Autumn of 2025, the People Services Business Partner team was moved to the leadership of the Head of Professional Standards, to strengthen information sharing between these two teams. This enables a stronger focus on prevention – identifying where early intervention, better staff training and clearer policies can improve the understanding and outcomes for all colleagues across the organisation.

5.40 The department supported the culture change programme and the HR improvement agenda, including through:

- Outreach programme – undertaking a review to identify any barriers to employment within LFB
- Upskilling managers by the introduction of a mandatory one-day foundational management training programme and leadership programmes.
- Managing sickness absence by supporting the Health, Safety and Wellbeing department, to support staff back to work sooner, by the work of the long-term sickness panel.
- Upskilling and professionalising People Services by entering into a contract with the CIPD to support the professionalisation of the People Services department, through professional training and development.
- Introduction of a new HR data system which went live in February 2026 – iTrent – to support HR data and Payroll management
- Delivery of coaching and mentoring training.
- Ongoing development of HR data dashboards.
- Equality Support Groups (ESGs) – working with ESGs to review the relevant policy and how support is given and accessed by ESGs.

5.41 In 2025, the new permanent Director for People led the organisational change process across LFB, utilising the HR business partners to support Consultation Managers in affected departments and coordinating independent review managers to ensure that robust challenge and consideration of efficiency, fairness and organisational priorities were forefront in the decision making.

5.42 The Director for People continues to actively pursue an ambitious vision for People Services that includes:

- Setting and providing assurance on high standards for itself and LFB's people, built around the Values.
- Setting and delivering objectives that will enable all members of People Services to know which part they play in creating a service that is trusted and respected.
- Equipping LFB with the workforce it needs to meet the ambitious objectives set out in the CRMP by 2029.
- Addressing the HMICFRS Round 3 Areas for Improvement relating to people and setting our own aspirational agenda for LFB across the next five years.
- Delivering on the work and priorities of the Culture Improvement Board, and Advisory Panels for Culture and PSU.

5.43 This is supported through the appointment of a permanent Head of PSU in April 2026 and a Head of Resourcing in October 2025, bringing significant experience around employee relations, workforce assessment, recruitment, induction and management, strengthening the department's Senior Leadership Team.

### **Grants**

5.44 The Budget for 2026-27 includes anticipated grant income of £25.8 million, 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 2026-27 £m	Expected length of Grant
Pension Grant (2015 Firefighter Pension Actuarial Review)	16.1	Ongoing (Agreed annually)
Property PFI	3.7	Until 2039/40
New Dimensions	3.5	Ongoing (Agreed annually)
Merton Regional Control Centre	2.2	Until 2034/35
Other Grants	0.3	
<b>Total</b>	<b>25.8</b>	

5.45 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 £25.8 million will continue over the MTFs period but there is a risk this may not be the case.

### **Sustainability and Net-Zero Carbon**

5.46 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. More detailed information can be found within appendix 11 of the November Consultation Budget which can be found [here](#).

5.47 In order to fully deliver Net-Zero by 2030 however, this would require additional investment.

### **Risks**

5.48 The Medium-Term Financial Strategy (Appendix 1) sets out the financial risks to the budget figures in this report, including those relating to inflation, pay and pensions. At the time of setting the final budget, the LFB is developing proposals for the procurement of PPE through a new national contract. The timing and cost of this has not been confirmed and so it has not been possible to include this in this budget document.

### **Equality Assessment**

5.49 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 5 to comply with this requirement.

### **Medium-Term Financial Strategy and Reserve Strategy**

5.50 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.

5.51 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 2026-27.

5.52 A draft letter to the Chair of the London Assembly's Fire Committee is also attached at Appendix 12 to consult the Fire Committee alongside providing the Budget Submission to the Mayor. The results of any

scrutiny by the Committee, alongside that from the Budget and Performance Committee, will then also be considered as part of finalising the LFC budget for 2026-27.

### The Financial Position as at the end of December 2025

5.53 As at the end of quarter three of 2025-26 the Brigade was forecasting an overall overspend position of £2.2 million, which is to be covered by reserves. The structural factors that led to the overspend have been accounted for in the budget and savings proposals for 2026-27.

### Reserves

5.54 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 2026 to 31 March 2029.
- In the case of earmarked reserves held for purposes beyond 31 March 2026, 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.

5.55 The Reserves Policy is set out in the Medium-Term Financial Strategy. A statement on the adequacy of reserves is set out in Appendix 6. 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.

5.56 The table below sets out the forecasted reserves position at the end of 2026-27 and the following two financial years. It should be noted that the General Reserve position set out above for the end of 2025/26 includes a £1.7m uplift that was identified as part of the closure of accounts for 2024/25 and included in the LFB's Final Statement of Accounts for that year.

Reserve	Forecasted Balance at 31/03/2026 (£m)	2026-27 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2027 (£m)	2027-28 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2028 (£m)	2028-29 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2029 (£m)
Fire Safety Improvement	7.0	0.0	7.0	0.0	7.0	0.0	7.0
Fire Safety and Youth Engagement	4.5	0.0	4.5	0.0	4.5	0.0	4.5
Building Safety Regulator	2.0	0.0	2.0	0.0	2.0	0.0	2.0
ICT Development	0.4	0.0	0.4	0.0	0.4	0.0	0.4
General Fund	13.9	2.5	16.4	3.0	19.4	5.9	25.3
<b>Total Reserves</b>	<b>27.8</b>	<b>2.5</b>	<b>30.3</b>	<b>3.0</b>	<b>33.3</b>	<b>5.9</b>	<b>39.3</b>

### Financial Risks and Opportunities

5.57 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 1.

### Fees, Charges, Cost Recovery and Sponsorship

5.58 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 2026-27 and will be reported in the final budget report in March 2026.

### Capital Programme 2025-26 to 2029-30

5.59 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 2025-26.

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

Table 4: Capital Programme Summary

Project	2025-26 (Q3 Forecast)	2026-27	2027-28	2028-29	2029-30	Total
	£m	£m	£m	£m	£m	£m
<b>Capital Schemes</b>						
Properties	26.4	48.5	57.2	52.8	31.0	215.9
Fleet Replacement Plan	1.8	4.9	3.5	8.8	6.0	25.0
ICT Projects	9.0	14.6	3.9	2.5	3.8	33.8
Operational Policy Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Optimism Bias – excluding HQ (10% for full year, reduced in 25- 26)	(4.2)	(5.5)	(3.0)	(2.5)	(2.6)	(17.8)
<b>Total Expenditure</b>	<b>33.0</b>	<b>62.5</b>	<b>61.6</b>	<b>61.6</b>	<b>38.2</b>	<b>256.9</b>
<b>Capital Financing</b>						
Capital Receipts	0.0	0.4	0.0	0.0	0.0	0.4
Capital Grants	0.6	0.2	0.0	0.0	0.0	0.8
External Borrowing*	32.4	61.9	61.6	61.6	0.0	255.7
<b>TOTAL Funded Financing</b>	<b>33.0</b>	<b>62.5</b>	<b>61.6</b>	<b>61.6</b>	<b>38.2</b>	<b>256.9</b>

\*Borrowing is currently shown as external but it is expected that some of the borrowing will be using internal funds, further work will be carried out ahead of the final budget to provide the split between internal and external borrowing.

5.61 The proposed increase in property-related capital expenditure over the coming years is in large part due to the planned investment in a new LFB Headquarters and refurbishment of the fire station on Brigade-owned estate at 8 Albert Embankment. This decision was reached following a detailed assessment of alternative options for the HQ (including rental options) when the current lease at Union Street expires, considering long term value for money and strategic considerations<sup>1</sup>. Other reasons for the increase in the capital programme include the final phase of the Privacy for All Programme, Electrical vehicle charging infrastructure and Salix-related decarbonation works.

5.62 Appendix 7 includes the financing of the capital programme for the next four years together with the approved prudential borrowing limits. Details of the next five years, to 2029-30, 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, albeit they are a growing pressure on the overall LFB budget.

5.63 LFB and the National Fire Chief Councils have highlighted the need to provide much needed capital investment to all English Fire and Rescue Services (FRSs). This would recognise the significant investment required to enhance and upgrade existing fire stations, vehicles and equipment. Currently the fire sector does not receive any specific capital grant or capital support from central government.

## Capital Strategy

<sup>1</sup> The LFB currently rents its Headquarters at Union Street. This investment will therefore help ensure the LFB's revenue cost for its Headquarters is sustainable into the future and reduce pressure from increasing rental costs.

5.64 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 2026-27 Capital Strategy is currently being developed in time for its scheduled publication in early 2026. Details of the current capital programme are included in Appendix 7.

5.65 The table below sets out the summary capital ambition from 2030-31 to 2044-45 in five-year intervals.

Project	Years	Years	Years	Total
	2030-2035	2035-2040	2040-2045	
	£m	£m	£m	
<b>Capital Schemes</b>				
Properties	75.9	87.6	78.3	<b>241.8</b>
Fleet Replacement Plan	75.5	15.1	37.8	<b>128.4</b>
ICT Projects	43.2	19.7	19.5	<b>82.4</b>
Communications Project	0.0	0.0	0.0	<b>0.0</b>
Operational Policy Equipment	0.0	0.0	0.0	<b>0.0</b>
<b>Total Capital Expenditure</b>	<b>194.6</b>	<b>122.4</b>	<b>135.6</b>	<b>452.6</b>
<b>Capital Financing</b>				
Capital Receipts	0.0	0.0	0.0	<b>0.0</b>
Capital Grants	0.0	0.0	0.0	<b>0.0</b>
External Borrowing	194.6	122.4	135.6	<b>452.6</b>
<b>TOTAL Funded Financing</b>	<b>194.6</b>	<b>122.4</b>	<b>135.6</b>	<b>452.6</b>
<b>Unfunded Capital Expenditure</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Strategic Drivers

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

## 6 Values comments

6.1 The LFC notes the Fire Standards Board requirements around adopting and embedding the Core Code of Ethics at an individual and corporate level. Following extensive engagement, the LFC has introduced Brigade values which build on and do not detract from the Code of Ethics.

6.2 The Brigade values are:

- Service: we put the public first
- Integrity: we act with honesty
- Teamwork: we work together and include everyone
- Equity: we treat everyone fairly according to their needs
- Courage: we step up to the challenge
- Learning: we listen so that we can improve

6.3 LFB values were launched on 4 December 2023 at an all staff briefing. The six new values are underpinned by a framework that describes the behaviours that best demonstrate each value. The values and behavioural framework relate to how staff treat the public and colleagues.

6.4 An Advisory Panel provides challenge and advice on the activities and proposals to address the findings from the Culture Review and other related reports. The Culture Transformation programme has the values at the core of improvements and outcomes it is seeking to achieve.

## 7 Equality comments

- 7.1 The LFC and the Deputy Mayor for Fire 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.
- 7.2 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.
- 7.3 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.
- 7.4 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.
- 7.5 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.
- 7.6 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.
- 7.7 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.
- 7.8 Appendix 5 sets out an Equality Impact Analysis (EIA) of Budget 2025-26 and the associated budget processes.

## 8 Workforce comments

- 8.1 LFB's recognised trade unions are being consulted on organisational change proposals for 2025-26, and any comments will receive a response and be reported to Commissioner's Board as appropriate. The deletion of operational posts would not require any staffing reductions as operational staff who are currently occupying such roles would be posted to alternative

positions at same or similar rank. A number of occupied FRS posts are impacted, and a collective and individual set of consultations are currently underway.

- 8.2 A separate Equalities Impact Assessment (EIA) has been prepared and published for the collective consultation on organisational change that is necessary to deliver a balanced budget. The Fire Brigades Union (FBU) provided a formal response to the consultation budget on 16 December 2025. This raised several key concerns with one key aspect being the £12.2 million budget gap presented in the November consultation budget report. This budget gap has been addressed most notably by additional mayoral funding in 2026-27 of £8.9 million and reviewing the amount required in 2026-27 for the Modern Firefighting Training strategy. Further points were raised that centered around a sustainable funding model for both capital projects and base revenue funding, to ensure frontline resilience and whilst facing a growing risk profile linked to high-rise buildings, lithium-ion batteries, extreme weather and wildfire events. Workforce pressures are also raised, directly in terms of having enough firefighters, fully staffed control rooms, competent fire safety inspectors and fit for purpose training programmes. Specifically in relation to training programmes, ensuring the longer term funding of such proposals. The FBU also set out their overall position and made 7 recommendations. These were discussed as part of Commissioners Board on 14 January 2026 and also form the basis of this final budget report. LFB are committed to continue working with all representative bodies on these key points.

## **9 Procurement comments**

- 9.1 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.

## **10 Communication comments**

- 10.1 This report shall be published on the LFB website under the decisions made by the London Fire Commissioner.

## **11 Financial comments**

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

## **12 Legal comments**

- 12.1 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.
- 12.2 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.
- 12.3 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.

- 12.4 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.
- 12.5 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.
- 12.6 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."
- 12.7 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.
- 12.8 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 Committee). The document cannot be published by the LFC without Fire Committee 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.
- 12.9 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.
- 12.10 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.
- 12.11 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

<b>Appendix</b>	<b>Title</b>	<b>Protective Marking</b>
1	Medium-Term Financial Strategy (MTFS)	None
2	Savings	None
3	Investments	None
4	Community Risk Management Plan (CRMP) Investments	None
5	Equality Analysis	None
6	Section 25 Statement including Reserves Strategy	None
7	Capital Strategy	None

## Appendix 1

### 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 2026-27 to 2028-29.

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**

This budget is being set at a time of global economic uncertainty, exacerbated by the war in the Middle East. Inflation (CPI) in the UK was 3% in February 2026, significantly above the Bank of England's (BoE's) target of 2%. The BoE's March 2026 Monetary Policy Report judged that the conflict in the Middle East has caused a significant increase in global energy and other commodity prices, which will affect households' fuel and utility prices and have indirect effects through businesses' costs. The BoE's Base rate of interest was maintained at 3.75% in March 2026.

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 exhausted and so borrowing will now be required. Interest rates that the LFC is able to secure for borrowing will impact on the total costs of this borrowing, and feed into the capital financing costs in the revenue budget. The LFC is able to secure some slightly preferential interest rates for some investments as part of achieving the target of being carbon neutral by 2030, through GLA Green Funding.

#### **3 Background**

On 9 July 2025 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 2029 and has been issued to underpin the process of setting the 2026-27 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 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 can be found at: [CRMP](#)

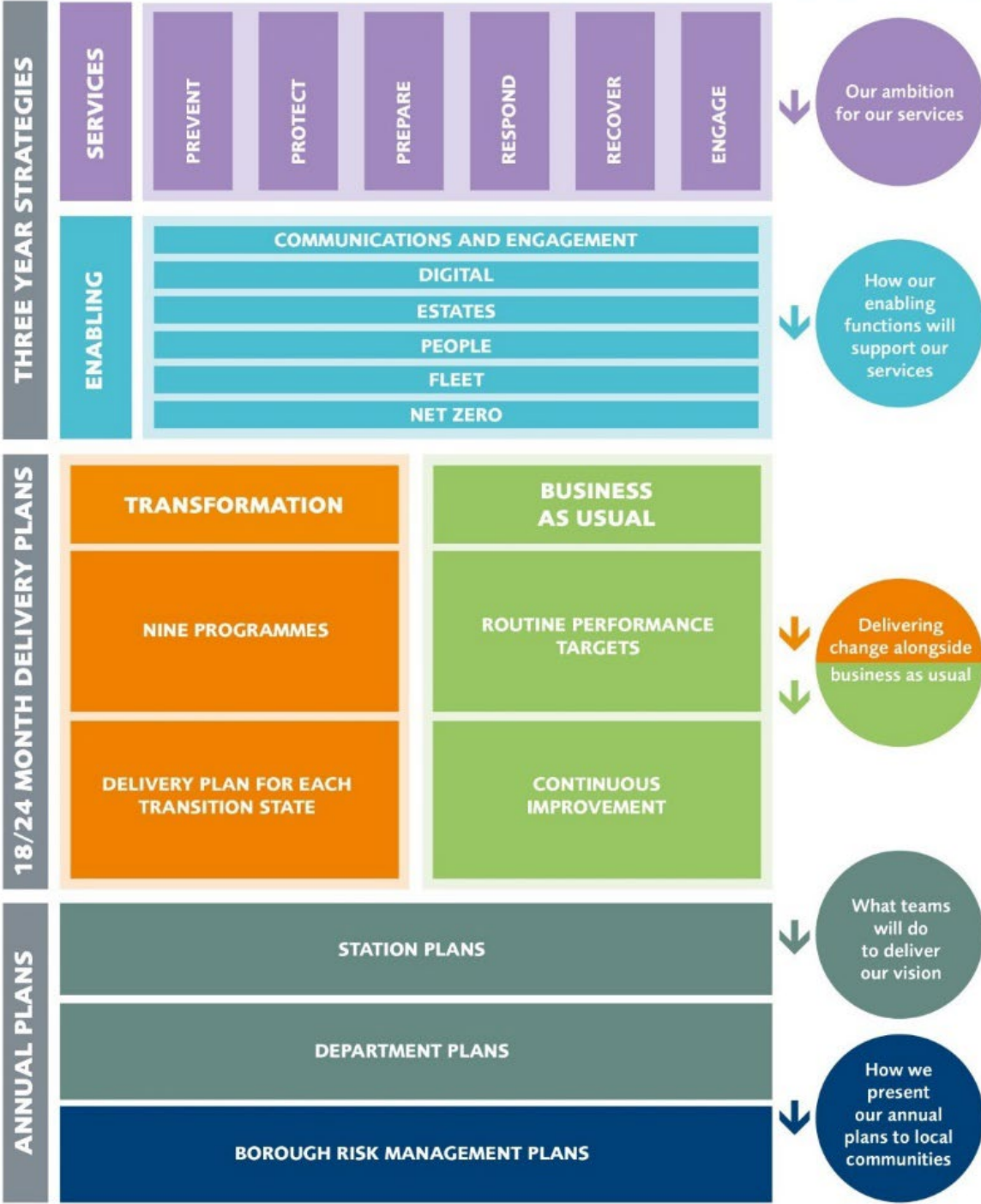


# OUR VISION

To be trusted to serve and protect London



**Our CRMP: Your London Fire Brigade, sets out our ambitions for the next seven years**



Funding figures as set out by the Mayor represent increases in funding in each year, with an additional £25.4 million provided in 2026-27, a further £25.8 million in 2027-28 and a further £27.0 million in 2028-29. To achieve the requirement for a balanced budget in 2026-27 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 improvement that LFB has delivered in recent years, the Medium-Term Financial Strategy is based on the following key principles:

- The number of fire stations, appliances and firefighters are not reduced.
- There are no reductions in regulatory capabilities.
- Delivery of the CRMP.
- Appropriate investment continues to be made in improvement activity, including culture change.
- Resources are available to meet the recommendations arising from both the Grenfell Tower and Manchester Arena Inquiries and improvement plans from the HMICRFS inspections.
- Adequate investment in core infrastructure is maintained.
- Appropriate resources are set aside to deliver key strategies and priorities.
- 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 General Fund balance will be maintained at a sustainable level.
- Opportunities for innovative and modern ways of working will be adopted as far as possible.

## 6 Assumptions

The Mayor proposed in his budget Guidance that the GLA and its functional bodies should assume for planning purposes that their allocation of discretionary income from the GLA for 2026-27 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 3%.
- The Council tax base is assumed to increase by 1.1% in 2026-27, 0.9% in 2027-28 and 1% in 2028-29.

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 2026-2029

The Medium-Term Financial Strategy sets out the proposed revenue budget for the next financial year (2026-27) 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.

	2025-26 (Budget) £'m	2026-27 £'m	2027-28 £'m	2028-29 £'m
Corporate Services	83.0	86.9	95.5	94.3
Preparedness and Response	396.6	412.9	422.8	429.0
People	8.2	6.8	7.0	7.1
Prevention, Protection and Policy	45.6	38.9	39.6	40.3
Communications	3.5	3.6	3.7	3.7
<b>Net Service Expenditure</b>	<b>536.9</b>	<b>549.1</b>	<b>568.6</b>	<b>574.1</b>
Capital Financing	17.5	23.4	30.6	38.8
Interest Receivable	(1.5)	(1.5)	(1.5)	(1.5)
<b>Net Expenditure</b>	<b>552.9</b>	<b>571.0</b>	<b>597.7</b>	<b>611.4</b>
Savings to be Identified	0.0	0.0	(10.1)	0.0
Transfer to / (from) Reserves	(16.5)	2.5	3.0	6.4
<b>Financing Requirement</b>	<b>536.4</b>	<b>573.5</b>	<b>590.6</b>	<b>617.8</b>
Un-ringfenced Government Grants	4.4	0.0	0.0	0.0
Retained Business Rates	300.1	322.1	319.4	325.8
Council Tax Collection Fund Surplus / (Deficit)	0.0	0.0	0.0	0.0
<b>Council Tax Requirement</b>	<b>231.8</b>	<b>251.5</b>	<b>271.2</b>	<b>292.0</b>

## 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. The LFC also published a Productivity and Efficiency Plan shortly after the Budget 2025-26 in line with a 30 April 2025 deadline.

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 2026-27.

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).
- 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.

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. Changes to the way we now respond to Automatic Fire Alarms (AFAs) allow us to spend more time on protection work, such as fire safety checks in homes and businesses, as well as operational training. It also reduces 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 enables us to better understand and improve our productivity across a range of disciplines.

LFB have to submit an annual return to the Home Office on its efficiency and productivity plan, with key targets of 2 per cent of non-pay efficiencies and increase productivity by 3 per cent on an annual basis. Across 2023-24 – 2025-26 the LFB submission included an average of 13.52 per cent of non-pay efficiencies which is well above the target set. The next submission to MHCLG is due by the 30 April 2026

## 9 Reserves

As part of our statutory obligations, the LFC Chief Finance Officer (currently the 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 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 core GLA funding 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 absence of the Budget Flexibility Reserve going forward.
- 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.
- The use and level of earmarked reserves will be reviewed at least annually by the CFO who will give an opinion on their adequacy.

Reserve levels will also be monitored regularly as part of the LFB's existing financial reporting. See Appendix 6 for more details on the reserves strategy.

## 10 Financial Risks

### Pay and Inflation

The MTFS includes an assumption of a 2 per cent pay award for 2026-27 for all staff and in future years. This assumption will be reviewed as part of the 2026 national and local pay negotiation processes and considering inflation, affordability, and other factors. Each 1 per cent change in pay is equivalent to around £4.5m in cost for all staff groups. In addition to this, role-based allowances for operational staff are assumed to continue at an annual cost of approximately £2.5m per annum in pay-related costs.

The current conflict in the Middle East has caused a significant increase in global energy and other commodity prices, which will affect households' fuel and utility prices and have indirect effects via businesses' costs.

#### Firefighter and Local Government Pension Schemes

The pensions schemes provided by the LFC present significant financial challenges. The actuarial valuation of the firefighter pension scheme has been completed with a large increase on the overall liabilities held on the scheme. Therefore, the Brigade is incurring significantly increased expenditure in this area. LFB has been in receipt of a grant by central government totalling £15.1 million plus an admin grant of £1.0 million. However, actual expenditure is still greater than this level by £2 million. The current grant funding has been seen to be inadequate to fully re-cover the actual expenditure incurred and a case has been made to the government. The government has committed to looking at the overall formula but has previously indicated that the overall grant is adequate.

#### 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. In addition to the cost associated with the new premises there will also be cost in vacating the current site, including possible dilapidations.

#### 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 grants 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. Additional external borrowing may be possible but the debt charges would currently be unaffordable, and therefore significantly impact on the ability of LFC to achieve a balanced budget without making substantial and unacceptable 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 council tax, as well as Government decisions on funding, including the spending/fair funding reviews. The MTFS has been formulated using the mayoral funding set out in the Mayor's Budget Guidance 2026-27 but there is a risk that actual funding could be lower.

#### Other risks

There remains some potential risks that may materialise within 2026-27. This includes items such as the national procurement exercise for a revised specification on PPE workwear of which LFB is part of. However they are currently not quantifiable and likewise the value is uncertain. There is therefore an increase in

contingencies of £1.6 million if any of these items materialise. Any unused element will be transferred to General Reserve.

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 continuous improvement.

**Appendix 2**  
**Savings**

**Existing Savings**

Set out in the 2025-26 budget process and expected to be delivered from 2026-27.

<b>Directorate</b>	<b>2026-27 Saving £'000</b>	<b>2027-28 Saving £'000</b>	<b>2028-29 Saving £'000</b>	<b>Description (Major Items)</b>
Corporate Services	(295)	(395)	(395)	£103k removal of TECH refresh funding not required, £98k reduction in lease car charges, £80k finance savings due to rollout of new system
Preparedness and Response	(64)	(63)	(63)	Profile of training contract
People	(400)	(400)	(400)	This historical assumption has been reversed by new investment of £0.4m to reflect the latest structures in People Services Directorate .
Prevention, Protection and Policy	(189)	(189)	(189)	Permanent conversion of operational ranked inspecting posts to FRS.
<b>Existing Savings - Total</b>	<b>(948)</b>	<b>(1,047)</b>	<b>(1,047)</b>	

## New Savings

All new savings set out within the 2026-27 budget process. These are in addition to the existing savings set out in the table above as part of the prior year budget processes. In total there are savings to be achieved in 2026-27 of £6.2 million.

<b>Directorate</b>	<b>2026-27 Saving £'000</b>	<b>2027-28 Saving £'000</b>	<b>2028-29 Saving £'000</b>	<b>Description (Major Items)</b>
Corporate Services	(3,317)	(3,198)	(3,252)	£1m additional commercial income (telecom masts), 700k removal of uniform budget to avoid duplication as covered under programme, £672k reduction in Airwave contract.
Preparedness and Response	(150)	(150)	(150)	Fees and charges increase £70k, Smoke Alarms £20k.
Savings Review / Cross Cutting	(1,764)	(4,064)	(5,064)	Additional net contract renewal savings of £0.45m in 26-27 increasing to £1.25m in 27-28, £0.5m further cross cutting saving opportunities in 26-27 increasing by £0.5m to £1m per annum from 27-28 onwards, £0.5m Process efficiency savings in 26-27 that increase by £1m per annum in future years. Also an additional £314k increase to the specials review in light of gas tight suit savings being unachievable.
<b>New Savings – Total</b>	<b>(5,231)</b>	<b>(7,412)</b>	<b>(8,466)</b>	

**Appendix 3**  
**Investments 2026-27**

<b>Directorate</b>	<b>2026-27 Investment £'000</b>	<b>2027-28 Investment £'000</b>	<b>2028-29 Investment £'000</b>	<b>Description (Major Items)</b>
Corporate Services	1,873	1,631	1,824	£600k additional water hydrants / streetworks pressure, £400k personal injury claims, £268k OSG equipment replacement maintenance at end of life, £235k to support ongoing procurement activity and £100k cyber security.
Preparedness and Response	547	547	547	To offset in year pressures on items such as footwear, medical supplies and operational equipment.
People	400	400	400	Reversal of previous budget cycle saving (as seen in appendix 3) post People Services re-structure.
Prevention, Protection and Policy	252	252	252	£46k Annual contribution to the public health forum, £100k Grenfell advisory post and £100k additional mobilising replacement system costs.
Savings Review / Cross Cutting	750	750	750	Additional Staffing costs to support the delivery of POP efficiency savings (which are far greater than this investment) and £500k data efficiency target not met.
<b>Investment - Total</b>	<b>3,822</b>	<b>3,580</b>	<b>3,773</b>	

In addition, there are also investments specifically in Learning and Professional development amounting to a one-off £1.1m requirement in 2026-27 for the completion of tactical ventilation and also £0.7m to support Competency frameworks, National Operational Guidance and the Firefighter Development team.

#### **Appendix 4**

#### **Community Risk Management Plan (CRMP) Investments**

The table below shows the total investment required for CRMP programmes after consideration of the overall resources to allocate to programmes. It must be noted that whilst programme investment has reduced compared to previous years, a lot of the elements have transitioned to business as usual (BAU) directorate expenditure, such as for Culture (where substantial investment was made after the independent Culture Review and these are now included in core budgets such as for the Professional Standards Unit in People Services Directorate).

<b>CRMP Programme</b>	<b>2026-27 Investment £'000</b>	<b>Description (Major items only)</b>
Localised Services	1,252	Support to One Risk and RMS projects and also Procurement Improvement Project resource to transfer to BAU.
Culture Transformation	1,578	£878k Ongoing leadership, EDI and cultural change to transfer to BAU, £700k Uniforms
Modern Services	6,055	£5.0m Modern Firefighting Training Strategy (new funding which was previously from reserves) and £1.1m programme and portfolio support across LFB.
<b>Total</b>	<b>8,885</b>	

## **Appendix 5** **Equality Analysis**

### **Equality Analysis / Equality Impact Assessment (EIA)**

Promoting equality, diversity, inclusion, social mobility and social integration are high priorities for the Mayor. The Mayor published his current equality objectives in November 2022 in fulfilment of the statutory Public Sector Equality Duty (PSED). Progress against these actions is reported on annually within the Mayor's annual equality reports.

All seven constituent bodies (the Mayor and Assembly and the five functional bodies) must comply with the PSED. The duty includes having due regard for the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited;
- advance equality of opportunity between people who share a relevant protected characteristic and people who do not; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

A primary tool you have for fulfilling this duty within your work, including budget-setting, is an equality impact assessment. This allows you to identify:

- potential detrimental impacts (if any) that may arise for individual protected groups; and
- what mitigations (if any) could be implemented to address them in a way that is proportionate to the decision being taken.

### **Summarise the main purpose of this programme of work**

This Equality Impact Assessment (EIA) is for the Budget Proposal of the London Fire Brigade (LFB) for the year 2026/2027. It aims to support the delivery of the London Fire Commissioner's (LFC) priorities to serve and protect London through providing the appropriate financial and human resources.

The Budget Proposal and its Summary Guidance Pack (2026-27 Budget Cycle) provides information on adhering to and utilising the budget allocated for the 2026-27. This budget submission sets out the financial implications of a range of saving and investment proposals, as well as a Financial Review implementation process to deliver additional savings in 2026-27 and future years. It will continue to look at efficiencies and productivity initiatives to first ensure we are getting the best value for money and are operating using an evidenced based approach when making financial decisions.

This EIA is written in the context of a challenging financial climate. A balanced budget proposal for 2025-26 was achieved through a combination of significant savings (amounting to £28.2 million) and supplemental funding of £18.0 million from the Mayor of London. This has enabled the LFC to protect frontline delivery and regulatory capabilities in 2025-26 to ensure that the LFB remains trusted to serve and protect London. In common with many public sector organisations, major financial challenges and uncertainties remain and has impacted budget planning for 2026-27.

The headline forecasted spends include £268k for Operational Support Group equipment replacement and end-of-life maintenance, and £235k to support ongoing procurement activity while helping to offset in-year pressures on essential items such as footwear, medical supplies, and operational equipment. There is also a reversal of a previous budget-cycle saving, following the People Services restructure. In addition, £46k is allocated as the annual contribution to the Public Health Forum (GLA Group Collaboration), alongside additional

staffing costs required to deliver the Process Opportunities Project (POP), which is expected to generate efficiency savings that significantly exceed the investment.

As an overarching EIA is not sustainable for the budget, it is noted in the guidance that the development and implementation of programmes and projects funded by the budget of the LFC must be subject to a detailed assessment of the likely impact on individuals in protected groups using the LFBs internal EIA mechanism.

### **Summarise the groups most impacted by this work, including positive and negative impact**

The proposed budget for 2026-27 is driven by a need for significant financial efficiencies while protecting frontline delivery and making targeted investments, presents a possible mixed, impact across Protected Characteristics and Socio-economic background. There is the possibility that the Brigade's need for financial efficiency poses an Adverse Risk, as savings derived from the Financial Review and Process Opportunities Project (POP) could disproportionately affect staff based on Age, Sex, Disability, or Race if they result in workforce cuts or reductions to vital support services (like HR or EDI initiatives).

Conversely, the outlined predicted expenditure, including £268k for equipment, the People Services restructure reversal, and £46k for the Public Health Forum, is generally Positive, supporting the existing workforce and directly benefiting Londoners from low Socio-economic backgrounds via targeted safety and prevention work. However, the exact impact cannot be fully determined at this stage due to a significant knowledge gap regarding the precise nature of the work to be undertaken in 2026-27. Therefore, it is mandated that all specific programmes and projects stemming from the budget, particularly those linked to the efficiency drive, must undergo detailed EIAs and subsequent consultation throughout the year. EIAs are internally published and are available on request as our external publishing mechanism has not yet been finalised. Monitoring and evaluation data (such as staff turnover rates by protected characteristic and service demand versus prevention metrics) will be used to establish a baseline and continually track the cumulative impact of these measures as they are developed. Data will be reviewed regularly to ensure an iterative and adaptive approach that allows for timely adjustments to programmes of work so that resource is appropriately allocated while ensuring equity of impact on protected characteristics.

The workforce statistics for the protected characteristic Age at LFB is as follows with the overall total number of staff making up workforce currently at 5877(correct as of 31 October 2025) under 20: 6 (0.10%), Age 20-29: 678 (11.54%), Age 30-39: 1,670 (28.42%) Age 40-49: 2,095 (35.65%), Age 50-54: 830 (14.12%), Age 55-59: 371 (6.31%),Age 60-64:177 (3.01%), Age 65+: 50(0.85%).

Within the workforce, 5,036 (85.69%), Identify as not disabled, 539 (9.17%) Disabled 58 (0.99%) Prefer not to say and 244 (4.15%) do not provide Information.

The breakdown of staff by race and ethnicity is White: 4,467 (76.01%), Underrepresented Minority Ethnic: 1,099 (18.70%), Prefer not to say 69 (1.17%) and 242 (4.12%) not providing information.

Across the organisation staff members identify as Buddhist 62 (1.05%), Christian 1,867 (31.77%), Hindu 51 (0.87%), Jewish 18 (0.31%), Muslim 131 (2.23%), Sikh 22 (0.37%), Other 180 (3.06%), No Religion 2,399 (40.82%), Prefer not to say 203 (3.45%) and 944 (16.06%) did not disclose.

The sex breakdown of staff is 1,107 (18.84%) female and 4,770 (81.16%) male as a total across all staffing groups.

Across the workforce the following identify as Heterosexual 4,250 (72.32%), LGB 369 (6.28%), 165 (2.81%) preferred not to say and 1,093 (18.60%) have not provided information.

### **Fulfil the Equality Objectives for the functional body**

LFB has a legal duty under the Equality Act 2010 to show 'due regard' to the Public Sector Equality Duty (PSED) every time we take a decision, begin a project or policy, or begin a proposal which will affect our workforce, service users or wider communities. In creating this EIA LFB shows regard before and at the time a decision, including when creating spends. To 'have due regard' means that in making decisions and in our other day-to-day activities LFB must consciously consider the need to do the things set out in the general equality duty: eliminate discrimination, advance equality of opportunity and foster good relations.

This EIA has been prepared to meet the requirements of the Mayor's Budget Guidance which sets out that all members of the GLA Group must demonstrate how their plans will:

- promote fairness and inclusion for different groups of Londoners, including those sharing the characteristics protected by the Equality Act 2010 and low-income Londoners
- take mitigating action to maximise positive outcomes where appropriate
- strengthen activities to further address structural inequalities in London, particularly poverty and socio-economic inequality.
- fulfil the Equality Objectives for the functional body

The LFB's refreshed DEI strategy provides a clear roadmap to success, aiming to achieve equity for all. Our refreshed strategy emulates these same objectives within the remit of the LFBs work.

The strategy's three strands, Education, Elevation, and Evaluation, directly address the Mayor's Budget Guidance by promoting fairness and tackling structural inequalities. The Education strand introduces mandatory training on PSED and EIAs, ensuring staff can identify and avoid potential negative impacts. The Elevation strand uses an 'inclusion dashboard' to find and mitigate disparities across the employee lifecycle, targeting specific underrepresented groups and addressing socio-economic and other inequalities. Finally, the Evaluation strand embeds equality metrics, improves the EIA process, and aligns with GLA, HMIC and NFCC standards while also considering sector leading charities such as Stonewall and frameworks such as Disability Confident. This ensures that DEI is a shared accountability across the organisation. This framework ensures LFB's work is legally compliant, prevents unintentional discrimination, and dismantles systems that widen inequalities.

Despite the challenging financial climate, the proposed activities support the organisation's Equity strategy by ensuring that frontline and regulatory capabilities are protected, maintaining equitable access to essential services for all Londoners, including vulnerable and high-risk groups. Investment in equipment, footwear, medical supplies and operational kit helps to ensure that all staff have safe, fair and consistent access to appropriate resources, supporting an inclusive working environment. The reversal of previous savings within People Services strengthens the organisation's ability to deliver inclusive workforce policies, improve recruitment and retention of diverse talent, and enhance HR capability to monitor and address inequalities. Funding for the Process Opportunities Project will modernise and streamline internal systems, promoting transparency, reducing procedural barriers, and supporting fairer outcomes for staff with any potential risk to be mitigated internally. Additionally, the contribution to the Public Health Forum enables continued collaboration on addressing wider health and equality disparities across London. Overall, these financial decisions preserve core services, prioritise people-focused investment, and ensure that DEI considerations remain embedded within organisational planning and delivery.

The following document will impact on the creation of the documentation being Equality Impact Assessed and will ensure that all work is compliant with legislation. Subsequent EIAs created per project will ensure that all protected characteristics are considered per spend. In undertaking an impact assessment per spend we can avoid unintentional discrimination, minimise reduced access to essential services for already marginalised groups and dismantle systems that widen inequalities.

### **What might be the impact of this work not being delivered, or scaled back, for groups with protected characteristics?**

The proposed savings for 2026–27 include a number of reductions that may have implications for groups with protected characteristics. These comprise £0.5 million in cross-cutting savings opportunities, £0.5 million in process efficiencies, and £80k in finance-related savings, alongside wider reductions identified within specific directorates. For example, Corporate Services savings include the removal of £103k TECH refresh funding, a £98k reduction in lease car charges, and £80k finance savings arising from the rollout of a new system. In addition to this, there are also significant new savings of £700k through the removal of duplication in the uniform budget, £672k from reductions in the Airwave contract, and £314k in specials review savings. Additional reductions include £150k from Preparedness and Response relating to smoke alarms, and £189k from Prevention, Protection and Policy through the permanent conversion of operational inspecting posts.

Collectively, these savings may affect the speed, accessibility, and reliability of core services, which can disproportionately impact individuals with protected characteristics, such as older people (Age), disabled people, and those on lower incomes, who may have greater reliance on timely communication systems, accessible equipment, fire safety interventions, or support processes. Cross-cutting and process-driven efficiencies, in particular, may introduce operational changes that unintentionally disadvantage groups requiring adjustments or additional support. As such, the cumulative impact of these savings will need to be monitored carefully to ensure that inequality is not widened and that essential services remain inclusive and responsive.

As not all investment or savings can be accounted for at this moment in time, it should be noted that failing to complete individual EIAs at project stage, for each area of spending may have significant negative consequences for groups with protected characteristics. Without these assessments, decision-makers may overlook how each individual funding choice could disproportionately affect certain groups outlined in the organisations EIA process. This can lead to unintentional discrimination, reduced access to essential services, and widening inequalities. Furthermore, the absence of EIAs weakens accountability and transparency, making it harder to demonstrate compliance with equality legislation, such as the Public Sector Equality Duty. Over time, this can damage public trust, increase the risk of legal challenges, and undermine the organisation's commitment to fairness and inclusion in its policies and practices.

### **Mitigation action plan: what mitigating actions would you be able to take to address this impact?**

To mitigate any potential negative impacts, we will implement a range of proactive measures throughout the year. This will include closely monitoring the effects of any budget reductions to understand how they influence service delivery and whether additional resources may be required to maintain essential functions. Where emerging pressures are identified, we will review the allocation of funding and consider re-prioritising resources to ensure that critical areas continue to be supported. We will also strengthen our approach to understanding equalities impacts by gathering more detailed and granular data on how our work affects individuals with protected characteristics.

In addition, individual EIAs will be produced for programmes of work as they progress throughout the year, ensuring that equalities considerations are embedded into decision-making at every stage. This will be complemented by ongoing engagement and consultation with relevant communities and representative groups, ensuring that their experiences and perspectives directly inform our actions. Through these combined measures, we aim to identify issues early, respond appropriately, and maintain a fair and equitable approach to service delivery despite financial constraints.

As the EIA process forms part of the organisations decision making process and governance, failsafe's have been created to ensure that each area of spending has a comprehensive EIA that analyses the consequences for groups with protected characteristics. As the EIA is embedded in the process it makes it easier to demonstrate organisational compliance with equality legislation and ensure adherence to the Mayors Budget Guidance which strengthen activities and inclusion to further address structural inequalities in London, particularly poverty and socio-economic inequality.

### **Outcome**

Creating individual EIAs for each area of spending enables a more in-depth, evidence-based approach to budgeting that promotes fairness, transparency, and accountability throughout the LFC. By systematically analysing how specific proposed expenditures affect different groups with protected characteristics, LFB can identify potential inequalities early and make informed adjustments to mitigate adverse impacts and further the Mayors aims to support marginalised Londoners. By analysing project spends, this ensures that resources are allocated more equitably and that spending decisions actively support inclusion and social justice. Additionally, conducting detailed EIAs enhances the quality and credibility of financial planning by linking equality considerations directly to strategic priorities and measurable outcomes. Over time, this approach strengthens organisational decision-making, builds internal and public confidence, and demonstrates a genuine commitment to meeting both legal and ethical responsibilities around equality and diversity.

## **Appendix 6**

### **Section 25 Statement including Reserves Strategy**

#### **LFC Reserves Strategy**

##### **Introduction and Background**

The Local Government Act 2003 (Section 25) requires that, when setting the budget for the forthcoming year, the chief financial officer reports the following matters to members when agreeing its annual budget:

- The robustness of the estimates made for the purposes of the budget calculations, and
- The adequacy of the proposed financial reserves.

##### **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.

##### **Robustness of estimates**

Section 2 of the main report set out the budget setting process, which included scrutiny at various stages and levels to ensure that estimates for the purposes of the budget calculations were robust and based on latest available information. The Medium-Term Financial Strategy included an assessment of financial risks (section 10 of Appendix 2) which have been taken into account in assessing adequacy of reserves.

##### **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, particularly the Budget Flexibility Reserve, although this is no longer available from 2025-26.

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 £0.85 million on claims for combined liability and £0.25 million on motor fleet, with an aggregate (maximum liability) of £5.0 million and £10.0 million 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.

### **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 core GLA funding. In the short term due to having to make a large amount of savings in 2025-26 and also using the general fund to help with one-off expenditure as part of restructures, LFB has fallen below this, though it is planned to return back above this level by the end of 2028-29 with the levels at 2.86% and 3.28% at the end of 2026-27 and 2027-28 respectively. In addition, it is planned that £5.9 million is transferred into the General Fund in 2028-29 which would see this rise further to 4.10%.

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, 2026-27, 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.

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 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.

### **Performance Monitoring and Reporting**

LFB has robust financial monitoring and reporting throughout the financial year. On a monthly basis internal financial monitoring including revenue, capital and the reserves position is presented to Investment & Finance Board (IFB) which has membership of all the directors and relevant senior leaders. Further to this, information is also presented on a quarterly basis to Commissioners Board (CB) and the LFC's Audit Committee. Externally, information is provided to both the GLA and to the Deputy Mayor's Fire Board on a quarterly basis.

### **Ownership and Accountability**

The Commissioner and directors are held to account through various governance arrangements that LFB has in place. As discussed above, directors internally have a monthly Investment and Finance Board where there is peer challenge and scrutiny of the finances of LFB. Prior to this, Finance Business Partners hold internal meetings, discussions and the sharing of financial information with supporting forecasts for the financial year. The Commissioner then holds his directors to account through Commissioners Board and through individual management meetings (all directors have received budget delegation letters). Externally, quarterly budget information is shared with both the GLA and the Deputy Mayors Fire Board to ensure external scrutiny whereby questions can be posed of both the overall performance and financial performance of LFB.

### **Conclusion**

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

The LFC's earmarked reserves have reduced over time as those funds have been utilised to support essential transformation activity in recent years. 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% can currently be deemed to be adequate given the corporate governance and control arrangements in place across the organisation. This level of reserves is judged prudent by the Chief Finance Officer of LFB in the context of known future liabilities, risks and funding uncertainties facing the organisation and will be kept under review. The budget includes savings and efficiency targets, which senior leadership are committed to delivering and implementation of these will require ongoing monitoring.

## Annex A Projected Reserve Balances over Medium-Term Financial Plan Period (2026-2029)

Reserve	Forecasted Balance at 31/03/2026 (£m)	2026-27 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2027 (£m)	2027-28 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2028 (£m)	2028-29 Forecasted Use of Reserves (£m)	Forecasted Balance at 31/03/2029 (£m)
Fire Safety Improvement	7.0	0.0	7.0	0.0	7.0	0.0	7.0
Fire Safety and Youth Engagement	4.5	0.0	4.5	0.0	4.5	0.0	4.5
Building Safety Regulator	2.0	0.0	2.0	0.0	2.0	0.0	2.0
ICT Development	0.4	0.0	0.4	0.0	0.4	0.0	0.4
General Fund	13.9	2.5	16.4	3.0	19.4	5.9	25.3
<b>Total Reserves</b>	<b>27.8</b>	<b>2.5</b>	<b>30.3</b>	<b>3.0</b>	<b>33.3</b>	<b>5.9</b>	<b>39.2</b>

### 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 set out above. The General Reserve position set out above for the end of 2025/26 includes a £1.7m uplift that was identified as part of the closure of accounts for 2024/25 and included in the LFB's Final Statement of Accounts for that year.

### Earmarked Reserves

In addition to the general reserve a, LFB has several earmarked reserves. These contain funds that LFB 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 Improvement Reserve has been utilised to fund the Modern Firefighter and Training Investment in 2024-25 and 2025-26. The use of the balance at the end of 2025-26 will be considered further.

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 government to enable a Protection Uplift.

The Building Safety Regulator Reserve is linked to expenditure in relation to building regulations and the Fire Safety Act 2021.

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.

## **Appendix 7**

### **The capital programme and the capital strategy**

#### **LFC Capital Strategy 2025-26 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 the 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.

The Capital Strategy is prepared early in the new year, in advance of the financial year to which it pertains. It is separate from the capital programme, which sets out what we plan to do, whereas the capital strategy sets out how and why we will do it. This Appendix sets out to summarise the capital programme as it currently stands and indicates the likely direction the capital strategy will take.

It should also be noted that whilst this is a report on capital, 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 will be developed in accordance with the CIPFA Prudential Code (2021 edition) to ensure that all amounts borrowed by London Fire Commissioner's (LFC) are affordable. The Capital Strategy will outline 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 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 together cover 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 2030-31 to 2044-45. The Capital Strategy is written to comply with the Prudential and Treasury Management Codes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
4. The Capital Strategy will set out a framework for the management of capital finance and, along with the LFC Treasury Management Strategy (published in the same reporting cycle), will cover the following areas:
  - a. Capital Expenditure and Investment Plans;
  - b. Prudential Indicators;
  - c. External Debt; and

- d. Treasury Management.
5. The Capital Strategy will address 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. It is updated annually to react to the changing LFC priorities, social and demographic changes and the financial climate.
6. This report constitutes an indication of the expected tone and content of the Capital Strategy, based on the current capital strategy and the known content of the capital programme, together with approved growth bids. It 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 2026. 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 2026.

## **Benefits**

This outline 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 outline 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 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 outline 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 continue to support 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 Community Risk Management 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.

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 outline 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 outline 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 outline 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 to align these with the CRMP.

The LFC capital spending plans for the five years to 2029-30 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 2025-26 to 2029-30**

Project	2025-26 (Q3 Forecast)	2026-27	2027-28	2028-29	2029-30	Total
	£m	£m	£m	£m	£m	£m
<b>Capital Schemes</b>						
Properties	26.4	48.5	57.2	52.8	31.0	215.9
Fleet Replacement Plan	1.8	4.9	3.5	8.8	6.0	25.0
ICT Projects	9.0	14.6	3.9	2.5	3.8	33.8
Operational Policy Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Optimism Bias – Excluding HQ (10% for full year, reduced in 25- 26)	(4.2)	(5.5)	(3.0)	(2.5)	(2.6)	(17.8)
<b>Total Expenditure</b>	<b>33.0</b>	<b>62.5</b>	<b>61.6</b>	<b>61.6</b>	<b>38.2</b>	<b>256.9</b>
<b>Capital Financing</b>						
Capital Receipts	0.0	0.4	0.0	0.0	0.0	0.4
Capital Grants	0.6	0.2	0.0	0.0	0.0	0.8
External Borrowing*	32.4	61.9	61.6	61.6	0.0	255.7
<b>TOTAL Funded Financing</b>	<b>33.0</b>	<b>62.5</b>	<b>61.6</b>	<b>61.6</b>	<b>38.2</b>	<b>256.9</b>

\*Borrowing is currently shown as external, but it is expected that some of the borrowing will be using internal funds, further work will be carried out ahead of the final budget to provide the split between internal and external borrowing.

The proposed increase in property-related capital expenditure over the coming years in large part due to the planned investment in a new LFB Headquarters and refurbishment of the fire station on Brigade-owned estate at 8 Albert Embankment. This decision was reached following a detailed assessment of alternative options for the HQ (including rental options) when the current lease at Union Street expires, considering long term value for money and strategic considerations<sup>2</sup>. Other reasons for the increase in the capital programme include the final phase of the Privacy for All Programme, Electrical vehicle charging infrastructure and Salix-related decarbonation works.

### Revenue Funding of the Capital Programme for the first 5 years

In the medium-term the total capital plan is £256.9 million of which £1.2m of the plan is funded by the use of Capital Receipts and Capital Grants. The remaining balance is expected to be funded by £255.7 million of borrowing. 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 4.96% (5 year re-payment on maturity loan, also assuming the certainty discount rate applies).

A further 15 years, from 2030-31 to 2045-46 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 2030-31 to 2044-45 and Ambition Gap**

Project	Years	Years	Years	Total
	2030-2035	2035-2040	2040-2045	
	£m	£m	£m	
<b>Capital Schemes</b>				
Properties	75.9	87.6	78.3	<b>241.8</b>
Fleet Replacement Plan	75.5	15.1	37.8	<b>128.4</b>
ICT Projects	43.2	19.7	19.5	<b>82.4</b>
Communications Project	0.0	0.0	0.0	<b>0.0</b>
Operational Policy Equipment	0.0	0.0	0.0	<b>0.0</b>
<b>Total Capital Expenditure</b>	<b>194.6</b>	<b>122.4</b>	<b>135.6</b>	<b>452.6</b>
<b>Capital Financing</b>				
Capital Receipts	0.0	0.0	0.0	<b>0.0</b>
Capital Grants	0.0	0.0	0.0	<b>0.0</b>
External Borrowing	194.6	122.4	135.6	<b>452.6</b>
<b>TOTAL Funded Financing</b>	<b>194.6</b>	<b>122.4</b>	<b>135.6</b>	<b>452.6</b>
<b>Unfunded Capital Expenditure</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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 full 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 of the level of additional infrastructure

<sup>2</sup> The LFB currently rents its Headquarters at Union Street. This investment will therefore help ensure the LFB's revenue cost for its Headquarters is sustainable into the future and reduce pressure from increasing rental costs.

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 long-term impact on the revenue budget, through the interest payable on the loan and the annual charge for the repayment of the sum borrowed (Minimum Revenue Provision (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 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 has 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 grants, with the additional capital financing costs adding to the pressure on the revenue budget.

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 £37.4 million by 2037-38 before starting to fall. Under current assumptions this would result in the need to increase the capital charges budget by an average of £15 million per annum, which would need to be funded by matching savings or income.

The projected budget pressure, of an average of £20 million, 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 significant capital receipts. 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. Possible options to consider are provided below.

- Provide a revenue contribution to fund the capital programme (unlikely in the short term given budgetary pressures).
- Pursue possible alternative funding/service delivery options.
- Reduce the level of the capital programme.
- Secure additional resources – GLA/Government.

### External Debt

The table below sets out the prudential limits for 2025-26 to 2028-29. These will be reviewed as the new Treasury Management Strategy is developed.

**Table 3: Prudential Limits**

Approved Borrowing Levels	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m
Operational Boundary	240.0	240.0	250.0	290.0
Authorised Boundary	245.0	245.0	250.0	290.0

### 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 2034-35). The current and forecast outstanding long-term liabilities are as follows.

**Table 4: Other Long-Term Liabilities**

As at 31 March	2026	2027	2028	2029	2030	2035	2040	2045
	£m	£m	£m	£m	£m	£m	£m	£m
PFI	38.3	36.7	35.1	33.6	31.9	21.9	7.0	0.0
Finance Lease	18.4	18.3	17.3	16.2	15.0	3.4	0.0	0.0
IFRS16 Lease	48.6	37.7	28.2	24.9	21.6	4.4	1.1	1.0
<b>Total</b>	<b>105.3</b>	<b>92.7</b>	<b>80.6</b>	<b>74.7</b>	<b>68.5</b>	<b>29.7</b>	<b>8.1</b>	<b>1.0</b>

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.

## **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/post-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 delivery of 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 Deputy Mayor's Fire Board and are published. The published reports are used to support scrutiny by the London Assembly's Fire Committee 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 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.

This outline Capital Strategy will be continually 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 2026.

### **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 Deputy Mayor's Fire Board, alongside reports for approval of the Budget and Treasury Management Strategy.

