

LFC Budget Submission 2025-26

Report to:

Investment & Finance Board
Commissioner's Board
Fire Board
Audit Committee

Date:

25 October 2024
13 November 2024
19 November 2024
2 December 2024

Report by:

Adrian Bloomfield, Assistant Director - Finance

Report classification:

For decision

For publication

Values met

Service
Integrity
Teamwork
Equity
Courage
Learning

I agree the recommended decision below.



Andy Roe

London Fire Commissioner

**This decision was remotely
Date signed on 22 November 2024**

PART ONE

Non-confidential facts and advice to the decision-maker

Executive Summary

The Mayor has written to the London Fire Commissioner (LFC) to consult the LFC before preparing his draft Component Budget for the LFC for 2025-26. The Mayor is proposing to provide funding of £511.5 million for the LFC in that year.

This report sets out the LFC's Budget Submission to the Mayor that will meet that financial requirement. This LFC budget submission to the Mayor is required by 22 November 2024 in line with the Mayor's Budget Guidance issued on 31 July 2024.

This report also sets out the outcome of the work undertaken to ensure the budget setting process is aligned to the Community Risk Management Plan (CRMP) priorities.

In the context of a challenging financial climate, this report presents progress towards a balanced budget in 2025-26 based on current planned investments, savings and assumptions around pay. The LFC is committed to protecting frontline delivery and regulatory capabilities to ensure the Brigade remains trusted to serve and protect London. The final March 2025-26 Budget Report will consider factors including the Local Government Finance Settlement and potentially revised funding allocations from the GLA if funding assumptions such as changes to the overall Council Tax base.

DECISION OPTIONS

Recommended decisions

For the London Fire Commissioner

That the London Fire Commissioner approves:

1. The Budget Submission for 2025-26 to the Mayor that includes:
 - a. A draft Medium-Term Financial Strategy (MTFS) covering the period to 2027-28 at Appendix 2
 - b. Savings of £28.2 million in 2025-26, as set out in paragraph 4.43 and appendices 3 and 4.
 - c. A total use of reserves of £13.5 million in 2025-26 (see paragraph 4.70).
 - d. Departmental Investment proposals of £2.5 million in 2025-26 as set out in Appendix 5.
 - e. A draft 20-year Capital Strategy together with a detailed four-year capital plan at Appendix 8.
 - f. A draft Reserves Strategy at Appendix 9.
 - g. A draft covering letter at Appendix 12 for consultation with the Fire Committee.

1 Introduction and background

- 1.1 The last five years have been very challenging for London Fire Brigade (LFB) as we have worked on transforming the Brigade to better serve our communities and to earn the right to be trusted to serve and protect London. Much has been achieved from this transformation.
- 1.2 The change that has been delivered in LFB over recent years has required significant investment and this has been outlined in previous years' budget reports. This investment has enabled the Brigade to address essential areas including recommendations from Phase 1 of the Grenfell Tower Inquiry, recommendations from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), actions from the Independent Culture Review of LFB and, more widely, modernising service for the 21st century. The cost of transformation has been met through a combination of core budgets and use of the Brigade's reserves (including Budget Flexibility Reserve) to the cost of around £50m. The Budget Flexibility Reserve is exhausted, and the Brigade faces difficult choices in prioritising services, including the prospect of not having the resources necessary to build on successes from our transformation.
- 1.3 The progress we have achieved to date is most keenly demonstrated through our response to the Phase 1 report of the Grenfell Tower Inquiry where LFB has delivered against all 29 of the recommendations directed towards us. Our firefighters and control room officers are better trained, equipped and prepared to respond to fires 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.
- 1.4 We recently set out our response to the Phase 2 Grenfell Tower Inquiry report, which will require further investment to deliver the necessary change. Moreover, although LFB has delivered against its Phase 1 recommendations, there is more to do, and we still operate in an environment with 1,300 buildings remaining unremedied in London and with fire safety defects so serious that they require a changed evacuation strategy. Further investment is therefore essential to continue managing the extensive operational risks in London's built environment as well as emerging risks such as climate change and emerging technologies.
- 1.5 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 £150m 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^[1].

^[1] 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.

2 Budget Development Process

- 2.1 The Final LFC Budget report for 2024-25 set out a balanced budget and a budget gap of £1.9 million in 2025-26. This report sets out proposals to achieve a balanced budget for 2025-26, for submission to the Mayor.
- 2.2 The Mayor's Budget Guidance for 2025-26 for the Greater London Authority (GLA) and the functional bodies was issued on 31 July 2024. 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.
- 2.3 In his Budget Guidance the Mayor has used indicative funding levels from retained business rates, council tax precept income and Group wide reserves to determine the total funding he plans to provide to each functional body, including the LFC, from the resources under his control.
- 2.4 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 assumes a 2% increase in business rates in line with inflation, a 2% increase in council tax precept and an increase in the council tax base of 1% in 2025-26.
- 2.5 Under the Greater London Authority Act 1999, the Mayor must consult the functional bodies before proposing a Component Budget for consultation. The Mayor has now written to the Deputy Mayor for Planning, Regeneration and the Fire Service (Appendix 1) to confirm the amounts as set out in his Budget Guidance, which are for proposed funding levels for 2025-26 of £511.5 million, 2026-27 of £530.6 million, and 2027-28 of £549.3 million
- 2.6 This year's budget process has seen a continued emphasis on ensuring the budget supports the key strategic priorities for the LFC, based on the CRMP and including a review of the nine programmes that have underpinned LFB's delivery model. These programmes are:
 - Work with you to provide localised services that meet your needs (Localised Services).
 - Make it easy for you to access our services (Accessible Services).
 - Adapt our services as your needs change (Modern Services).
 - Design services around your needs and concerns (Community Partnership).
 - Enable our people to be the best they can be, to serve you better (incorporating work relating to the Independent Culture Review) (Culture Transformation).
 - Work together to provide the best possible services to meet your needs (Streamlined Services).
 - Driven by evidence to give you the value you expect (Data-driven Performance).
 - Work with other organisations to secure a safer future for everyone (Sustainable Services).
 - Enable organisational change (Change Capability).
- 2.7 LFB's Change Group held a focussed meeting within LFB for each programme to review and challenge the business cases. The outcome of this constructive challenge process was then reported into the Directors' Budget Scrutiny Meeting as part of the wider budget process. Given the overall financial challenges faced by the LFC, the essential funding requirement for all programmes was considered further at the October meeting of the Performance, Risk and Assurance Board.
- 2.8 Alongside this LFB reviewed departmental investment of core services and savings proposals, and previous assumptions made in the Medium-Term Financial Strategy (MTFS). These proposals were reviewed at scrutiny meetings involving directors and independent financial reviewers prior to oversight by the Commissioner and consultation with the Deputy Mayor for Planning, Regeneration and the Fire Service.
- 2.9 Throughout this process, there have been difficulties in balancing the financial resources LFB has at its

disposal and the level of ambition and resource required to ensure continuing momentum behind the transformation the organisation has undertaken over the past years is fully embedded.

- 2.10 The MTFs (Appendix 2) shows the forecast estimates of income and expenditure for the next financial year and the following two financial years to 2027-28. Budget surpluses or deficits for those years are highlighted.
- 2.11 The proposals to meet any budget deficits are set out within this report and supported by the savings and investment proposals (Appendices 3 to 7 respectively). As set out in this budget submission, given the financial constraints, new investments have been kept to a minimum and significant savings have been identified across the organisation whilst protecting our frontline delivery and regulatory capabilities. LFC has made progress in developing a balanced budget for 2025-26 but there currently remains a budgetary gap that requires financing (additional income and/or savings) before the Mayor's final budget is agreed.
- 2.12 The development of the LFC's revenue budget and capital programme will continue during the Mayor's budget cycle, which concludes in February 2025. The LFC will agree a final revenue budget and capital programme for 2025-26 in March 2025.
- 2.13 This report forms the proposed full draft Budget Submission to the Mayor, including the additional tables attached at Appendix 13. The Mayor has set a deadline for the LFC of 22 November 2024 to provide the GLA group budget submission. If approved, this draft budget will form the basis for the LFC submission.
- 2.14 The Mayor has requested that the LFC integrates its Capital Spending Plans and Revenue Budgets into one overall Budget Submission. To meet this requirement, the LFC's capital expenditure is set out in section 4 and Appendix 8.
- 2.15 Under the Prudential Code of Practice, the LFC is required to formulate a longer-term Capital Strategy, and this is included at Appendix 8.
- 2.16 Table 1 below sets out a provisional timetable for the remainder of the budget process.

Table 1: Timetable for the remainder of the Budget Process

22 November 2024	Functional bodies to provide full and summary budget submissions to the Mayor. This must be published on LFB's website.
December 2024	Mayor's consultation budget.
	Provisional Local Government Funding Settlement.
7 January 2025	Budget and Performance Committee meeting with LFC, MOPAC and TfL.
8 January 2025	January Budget update report presented to Commissioner's Board, providing updates from the November submission if required.
23 January 2025	London Assembly considers the Mayor's draft consolidated budget 2025-26.
Early February	Government expected to publish final local government and fire finance settlement.
25 February 2025	London Assembly considers the Mayor's final draft consolidated budget 2025-26.
27 February 2025	Statutory deadline by which the GLA precept must be approved, and the Mayor's statutory Capital Spending Plan is published.
31 March 2025	Deadline for LFC to approve the final Budget for 2025-26, within the overall funding limit set by the Mayor.

3 Mayor's Consultation Letter / Budget Guidance

- 3.1 Each year the Mayor publishes a Budget Guidance document to set out the framework under which the GLA and the functional bodies, including the LFC, are required to prepare their budgets for the next financial year.
- 3.2 The Mayor then issued a consultation letter to the Deputy Mayor on 20 November 2024. The purpose of this letter is to consult the Deputy Mayor and clarify the requirements for the LFC's budget submission before preparing a draft component budget for 2025-26. A copy of the letter can be found in Appendix 1.
- 3.3 In his consultation letter the Mayor has set out funding for the LFC of £511.5 million in 2025-26, which is in line with revenue funding totals as set out in his Budget Guidance issued on 31 July 2024 and represents an increase (in cash terms) of £16.4 million from the funding levels provided in 2024-25. The letter sets out funding of £530.6 million in 2026-27, and of £549.3 million in 2027-28, which is also in line with the total in the Mayor's Budget Guidance.

4 Medium-Term Financial Plan

- 4.1 The final March 2024-25 Budget Report (LFC-24-027) set out the agreed budget for the 2024-25 financial year and included two further years to support financial planning (2025-26 and 2026-27), as required by the Mayor in his Budget Guidance for that year. That report set out a balanced budget in 2024-25 based on clear assumptions and a forecast budget gap of £1.9 million in 2025-26. The estimates have been kept under review taking account of financial performance during 2024-25 and an updated position is set out at Appendix 2.
- 4.2 The impact of the decrease in funding in the Mayor's Budget Guidance from July 2024, together with the results of the MTFS review as part of the preparation for the 2025-26 budget process is set out in Table 2 below. The table also contains a summary of the financial impact of other changes to the forecast position over the three-year period, which are explained in more detail below.
- 4.3 The table shows that based on these assumptions there remains a financing requirement of £18m in 2025-26 which will be addressed before the budget is finalised.
- 4.4 In making the saving and investments proposals in Table 2 below, 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.
 - Appropriate investment continues to be made in transformation activity, including culture change.
 - Resources are available to meet the recommendations arising from both the Grenfell Tower and Manchester Arena Inquiries and 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.

Table 2: Budget Position for the LFC

	2025-26 (£m)	2026-27 (£m)	2027-28 (£m)
<u>Inflationary pressures and committed costs</u>			
Opening Budget Gap	1.9	16.2	11.2
Reversing Contribution from BFR	4.9	0.0	0.0
Change in GLA Funding Assumptions	1.5	2.2	4.2
One-off top up of General Reserve	3.8	0.0	0.0
One-Off release of earmarked reserves	(5.1)	0.0	0.0
Pay Award (additional 1% agreed in 2024-25)	4.2	4.2	4.2
Operational Staffing (unit cost review)	2.8	2.8	2.8
Ill Health and Injury Pensions	2.8	2.8	2.8
Contractual Inflation including rent and rates reviews	10.7	4.8	7.9
Operational overtime	6.9	6.9	6.9
Budget Gap after committed costs	34.4	39.9	40.0
Offset by initial new saving proposals (net of previous £3.5m Target)	(1.0)	(3.2)	(3.3)
Budget Gap before growth bids	33.4	36.7	36.7
Growth Bids			
CRMP Programmes	3.9	13.1	10.9
Departmental Investment	9.1	10.3	10.3
Total Growth (before prioritisation / savings)	13.0	23.4	21.2
Savings Review			
Reduction in investment bids	(10.2)	(10.2)	(10.2)
Savings from budget review proposals	(18.2)	(18.2)	(18.2)
Financing requirement (additional funding and/or savings to be found)	(18.0)	(18.0)	(18.0)
Total Savings	(46.4)	(46.4)	(46.4)
Total Budget Gap	0.0	13.7	11.5

4.5 The proposals for investment and cost reductions and addressing the financing requirement of £18.0 million (as outlined above), are required to produce a balanced budget in 2025-26, and additional pressures of £13.7 million in 2026-27 and £11.5 million in 2027-28.

Challenges in delivering a balanced budget

4.6 There have been many challenges in trying to meet the ever-increasing demands placed upon LFB and the fire sector nationally.

4.7 Ensuring that LFB meets its external stakeholder expectations, maintains momentum behind transformation, which drives and embeds cultural changes and long-term benefits (whilst

operating within a tight financial environment) has created a difficult budget process.

- 4.8 Throughout the various stages of the process there has been rigorous challenge and peer review, utilising governance channels such as Commissioner's Board (CB), Investment & Finance Board (IFB), Change Groups (to review programme business cases), additional director-led scrutiny sessions, Performance, Risk and Assurance Board (PRAB) and Commissioner-led meetings.
- 4.9 Each of these channels has incorporated methodologies such as reviewing priority of need, re-phasing of projects/expenditure, ceasing new investments or, in a very limited number of cases, accelerating investment to unlock returns and/or improve essential services.

Financial Review

- 4.10 Alongside the budget and financial planning work, we have established an in-depth Financial Review, jointly led by a newly appointed LFB assistant director and an external expert. They have looked with fresh eyes and an outside-in perspective across the Brigade at how we operate and worked with Directors and Heads of Service to identify additional efficiencies so that LFB can continue to maximise investment in its frontline. At its conclusion, this review will not result in any reduction in operational frontline delivery or regulatory capabilities to ensure we remain trusted to serve and protect London.
- 4.11 This year's budget process has been very tough, through which we have identified significant additional savings and severely restrained growth. To go beyond these savings and growth reductions would require the LFC to compromise the strategic objectives and VfM considerations set out at paragraph 4.4 above (including to protect fire stations, appliances, and firefighter numbers).

Results Based on Prior Investment

- 4.12 Over recent years the Brigade has been subject to important external reports, which called for change across the whole organisation.
- 4.13 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.
- 4.14 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.
- 4.15 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.

- 4.16 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.
- 4.17 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. We hope the Round 3 inspection report will recognise the progress LFB has made as well as provide essential feedback on our plans for future improvement.
- 4.18 The Grenfell Tower Inquiry Phase 2 report made further recommendations. The LFB section of the report contains 13 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.
- 4.19 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

- 4.20 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 MTFS 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 £4m in cost for all staff groups.
- 4.21 LFB commenced skills payments in 2024-25 for operational staff who possess specific skills that enable them to undertake specialist roles within the Brigade. This will address a long-standing failure to incentivise and appropriately reward those undertaking specialist roles with additional skills and training requirements, which are crucial to London's operational response. Under the current budget proposals, skills payments are assumed to continue.
- 4.22 A diagnostic review of FRS pay and reward has been undertaken. The review identified that in overall terms compensation and benefits in LFB are market comparable. However, we have issues with overlapping grades, some specific roles and we do not align or promote our benefits effectively. Off the back of the review, we are developing a new reward strategy and commissioning work on grading and banding. The financial implications will be considered as part of the final budget submission.

Funding against the Assessment of Risk 2024

- 4.23 The LFC has recently published its updated Assessment of Risk in London 2024. 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.

- 4.24 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. The Bill will strengthen product regulation (including for e-bikes), address modern day safety issues and increase product safety from online marketplaces. The government publication that supported the King's Speech included statistics provided by LFB as key facts supporting the need for the Bill.
- 4.25 National research to quantify the impact of our work is maturing. Whilst it is challenging to evidence a direct relationship between our prevention activity and reductions in incidents, we are working on approaches to demonstrate the value and impact of our work, not just on the communities we serve, but also on the workload of our partner agencies.
- 4.26 Work to adjust plans in the light of the latest Assessment of Risk 2024 is underway and, in future years, we aim to demonstrate a clearer link between our investment proposals and their impact on risk.

Budget Process 2025-26 Core Themes

- 4.27 As discussed above, ensuring the budget process contained a strategic focus on the CRMP was critical, along with allowing departments to submit investment bids for improving core / business as usual services and focusing relentlessly on opportunities for efficiencies and productivity improvements.
- 4.28 As part of these three core themes were developed: CRMP Delivery, Business as Usual and Efficiencies and Savings. Heavily linked to the CRMP Programme Delivery is an approach to ensure firefighters are supported for the environments they encounter in modern day London, which has led to further work developing investment in Modern Firefighting & Training.
- 4.29 The investments required for 2025-26 following review and revision as part of the various scrutiny processes as described earlier in this report can be found in appendix 6.

Modern Firefighting & Training

- 4.30 As part of last year's budget report, the LFC made a commitment to improve standards of Firefighter training to ensure it was at a level at which all Firefighters are well prepared for any potential incidents.

Specifically in response to the Grenfell Tower Fire, Manchester Arena Attack, numerous terrorist attacks in London, wildfire/climate change challenges and new and emerging technologies creating additional complexity, the need for this significant investment was critical for LFB over the short, medium, and longer term risks.

- 4.31 To invest at pace, the LFC agreed to fund the investment in Modern Firefighting & Training from the Fire Safety Improvement reserve for the first two years of its inception. This amounted to £20 million in total across the financial years 2024-25 and 2025-26 respectively. However, this source of funding is not sustainable in the long term and therefore a resolution on longer-term funding still needs to be found.

CRMP Programmes

- 4.32 Within CRMP there are 9 distinct programmes of work, listed in section 2.6.

Departmental Investment

- 4.33 As part of the current year's budget process there were a significant number of investments put forward. As part of the director scrutiny process and ongoing work, elements of this have been re-phased, amended or paused completely on the grounds of financial constraints and to focus

our resources and address the challenge of delivering a balanced budget. See Appendix 5 for investments that are supported for 2025-26.

Establishment

- 4.34 The 2024-25 budget process proposed a forecast Average Vacancy Margin (AVM) of 100 operational posts below full establishment, with this level of AVM remaining constant in 2025-26.
- 4.35 Since the approval of the 2024-25 budget, work has continued on the feasibility and impact of the AVM on operational delivery. A working group reporting into the Establishment Board has been considering key aspects of the AVM. The conclusion from this work is a continuation of an AVM of 100 is a realistic assumption (rather than a goal) into the medium-term due to actual recruitment rates, staff turnover and the fact that firefighters only need to give one weeks' notice. Set at this level, the AVM balances the need to minimise unnecessary staff turnover against a realistic budget assumption that makes optimum use of LFB's limited resources.
- 4.36 Currently, operational workforce planning is carried out every month and discussed at Establishment Board. This approach will be further developed as a new organisational workforce planning strategy is put into place.

Firefighter Pension Valuation

- 4.37 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 £14.1 million plus an admin grant of £1.0 million. However, actual expenditure is still greater than this level and the Home Office has indicated that further grant will be available. The current grant funding has only been guaranteed for 2024-25 and therefore must be seen as a funding risk from 2025-26 and in future years.

Savings, efficiencies and productivity

- 4.38 Throughout the budget process opportunities to generate efficiencies or savings that could either be re-invested or released to reduce support the potential budget gap has been sought.
- 4.39 Scenario based and savings modelling has been prepared to help understand the potential level of savings that could be found to ensure every single area of LFB was put under scrutiny.
- 4.40 In some instances, potential savings would have impacted negatively on frontline availability or may have the potential to impact on the large-scale transformation of LFB that has been undertaken in a short space of time. This may have also negatively impacted on the success of fully embedding and realising longer term change.
- 4.41 The Budget for 2025-26 has presented challenges for the LFC as significant progress from the transformation programme is embedded and develops into the next stage with the move into transition states 3 and 4 of the CRMP which cover Enhancing Service Delivery by Q4 2026/27 and End State: Trusted to Serve & Protect by Q4 2028/29 respectively.
- 4.42 The LFC has made significant investment to support transformation, with approximately £50 million committed from reserves in addition to core budgets; however, resources for the next stage of transformation could not then be found from within existing LFC funding. This therefore led to a significant budget gap for 2025-26 being identified early in the budget development process. As part of the action taken to address this a Financial Review was initiated, in addition to the usual savings process in the budget round. The Financial Review is being led by a newly recruited Assistant Director for Finance Transformation and an external expert. Potential savings from this Review are reflected in this budget submission.

- 4.43 A total of £28.2 million (existing and new proposals) in Budget reductions are proposed for 2025-26. This can be seen within the table below.

Savings	2025-26 £'000
Existing Departmental Savings (from prior budget process)	5,483
New Departmental Savings (2025-26 budget process prior to Performance, Risk & Assurance Board / LFC Meetings)	4,476
Total Departmental Savings	9,959
Additional Departmental Savings 2025-26 (Post PRAB / LFC Meetings)	5,645
Savings Review / Cross Cutting	9,630
Reduction in Training Inflation	1,100
Net Reduction against previous assumptions in CRMP Programmes	1,856
Total Budget Review Proposals	18,231
Total (Departmental + Budget Review Proposals)	28,191

- 4.44 In addition to the above table of savings, there has also been an exercise to reduce the new investment required by a net total of £10 million. These proposals that were put forward near the start of the budget process have been rejected or rephased on the grounds of affordability. This approach, whilst necessary in the current financial climate, does carry significant risks for the organisation in terms of resilience and further improvement opportunities foregone.
- 4.45 The de-scoping, pausing and removal of budget requirements under the CRMP programmes for 2025-26 is not a decision made lightly and is only made in the context of the current financial constraints. Investment will be required in this area in future years to successfully embed long term operational improvements and cultural change and recognise longer term benefits to not only the organisation, but ultimately the community LFB serves. Further consideration will be given to the costs of pausing and re-starting some programmes, as well as the appropriate level of future investments.

Wider efficiencies and productivity

- 4.46 We continue to strengthen our processes around business cases and portfolio management which is improving our resource allocations and delivery of value for money. LFB's Investment and Finance Board is playing an important role in scrutinising new expenditure proposals and reviewing existing expenditure through a rolling programme of 'deep dive' reviews.
- 4.47 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 by 2024-25. Across 2022-23 to 2024-25 the LFB submission included an average of 6.9 per cent of non-pay efficiencies which is well above the target set. The latest version of the Productivity and Efficiency Plan was included as part of the Budget 2024-25.
- 4.48 Staff productivity is not easy 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 respond to Automatic fire Alarms (AFAs) also 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 will enable us to better understand and improve productivity across a range of disciplines.

People and Culture

- 4.49 LFC continues to drive an ambitious agenda around people and culture which is vital to achieving the transformation it has committed to following the Grenfell Inquiry and HMI-CFRS inspections. The HR function is integral to the delivery of the CRMP, which includes focus on services being delivered by the right people with the right skills and capability.
- 4.50 Following a number of recommendations from both the Independent Culture Review, and the Independent Review of People Services, a transformation programme was put in place to revise the structure of the People Directorate and the departments within it to reflect the functions required of a modern HR, training and health and safety provision.
- 4.51 The functions most impacting on the management of health and wellbeing – the Wellbeing team and the Counselling and Trauma Service, have been moved into the Health and Safety department, to provide more logical co-location and increased focus on both mental and physical health and better support our people.
- 4.52 Non-operational training, leadership, talent management and staff engagement has moved into the People Services department to form an Organisational Development function, allowing leadership, and coaching to function more collaboratively, with talent management development contributing to improvements in workforce planning.
- 4.53 The Professional Standards Unit (PSU) was established in January 2024, providing a centre of expertise under the Director for People, dedicated to ensuring modern standards of managing bullying and harassment claims, discipline and grievance issues.
- 4.54 The Business Partnering team has been restructured to include Business Insight Advisors, who will work strategically in support of HR business partners to increase the understanding of key trends and address issues impacting on the service and its people, e.g. sickness absence, workforce planning.
- 4.55 A permanent Head of HR Operations has been appointed, with a new permanent Director for People expected to start in January 2025. Support from the interim postholders and the rest of the senior leadership team is ensuring a robust handover and continuation of service.
- 4.56 The restructured department continues to provide critical activities to support the culture change programme and the HR improvement agenda. These include:
- Development and delivery of a People Strategy, building on the previous People Services Strategy to include wider training, health and safety activity
 - Development and delivery of a Workforce Planning Strategy
 - Continued delivery of leadership development programmes for all staff
 - Delivery of LFB Values workshops
 - Delivery of coach and mentor training
 - Development of an HR Data Strategy, plus creation of further HR data dashboards, to support the analysis and development of insights to inform the direction of departmental improvement initiatives and projects
 - Development of an Inclusion Strategy and delivery of equality, diversity and inclusion training alongside development of programmes to increase understanding of inclusion across all staff
 - Development of a Resourcing Strategy
 - Review of flexible working, with a focus on removing barriers to progression for operational staff with parental / caring responsibilities
 - Ongoing work by the Business Partner team supporting the business in identifying trends and implementing early interventions where possible
 - Delivery of a Pay and Reward review
 - Completion of the historic case review

- Continued independent reporting option alongside the PSU, for staff raising grievances or allegations of bullying or harassment
- HR system – continued work to ensure iTrent meets service needs, prior to introduction

4.57 The transformational activity supports a number of efficiencies which are ongoing and continue to be embedded as the operating model matures:

- Improving the efficiency of People Services following the implementation of the new operating model and HR system
- Cost avoidance through reduction in management time spent on managing grievance and bullying and harassment cases
- Cost avoidance and improvements in key performance indicators through reduction in sickness absence and more effective workforce planning
- Potential reduction in the cost of agency staff and operational overtime through more effective workforce planning

Grants

4.58 The Budget for 2025-26 includes anticipated grant income of £26.0 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 2025-26 £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	3.4	Ongoing (Agreed annually)
Merton Regional Control Centre	1.9	Until 2034/35
Other Grants	0.9	
Total	26.0	

4.59 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 £26.0 million will continue over the MTFS period but there is a risk this may not be the case.

Sustainability and Net-Zero Carbon

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

4.61 In order to fully deliver Net-Zero by 2030 however, this would require additional investment in excess of £200m.

Risks

- 4.62 The Medium-Term Financial Strategy (Appendix 2) sets out the financial risks to the budget figures in this report, including those relating to inflation, pay and pensions.

Equality Assessment

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

Medium-Term Financial Strategy and Reserve Strategy

- 4.64 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.
- 4.65 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 2025-26.
- 4.66 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 2025-26.

The Financial Position as at the end of September 2024

- 4.67 As at the end of quarter two of 2024-25 the Brigade was forecasting an overall overspend position of £8.3 million.

Reserves

- 4.68 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 2025 to 31 March 2027.
 - In the case of earmarked reserves held for purposes beyond 31 March 2024, 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.
- 4.69 The Reserves Policy is set out in the Medium-Term Financial Strategy. A statement on the adequacy of reserves is set out in Appendix 9. The corporate financial risk assessment has been refreshed in support of this. That assessment sets out the potential unbudgeted payments the LFC may be required to make if risks are realised and is used to inform the minimum general reserve requirement.
- 4.70 The table below sets out the forecasted reserves position at the end of 2025-26 and the following two financial years.

Reserve	Forecasted Balance at 31/03/2025 (£m)	2025-26 Forecasted Use of Reserves (£m)	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)
Fire Safety Improvement	15.0	(10.4)	4.6	0.0	4.6	0.0	4.6
Fire Safety and Youth Engagement	4.4	(1.5)	2.9	0.0	2.9	0.0	2.9
Community Risk Management Plan	1.9	(1.9)	0.0	0.0	0.0	0.0	0.0
Building Safety Regulator	1.7	0.0	1.7	0.0	1.7	0.0	1.7
Vehicle & Equipment Reserve	1.4	(1.4)	0.0	0.0	0.0	0.0	0.0
Pensions	1.1	0.0	1.1	0.0	1.1	0.0	1.1
Emergency Services Mobile Communication Programme	0.9	0.0	0.9	0.0	0.9	0.0	0.9
London Resilience	0.8	(0.6)	0.2	0.0	0.2	0.0	0.2
Recruitment	0.6	(0.6)	0.0	0.0	0.0	0.0	0.0
ICT Development	0.3	(0.3)	0.0	0.0	0.0	0.0	0.0
Grenfell Infrastructure	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0
MTA	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0
Sustainability	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0
Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LFB Museum Project	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Leadership Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Budget Flexibility	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	14.1	3.8	17.9	0.7	18.6	0.6	19.2
Total Reserves	42.8	(13.5)	29.3	0.7	30.0	0.6	30.6

*Note earmarked reserves with 0.0 have forecasted balances, but less than £50k.

Financial Risks and Opportunities

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

Fees, Charges, Cost Recovery and Sponsorship

- 4.72 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 2025-26 and will be reported in the final budget report in March 2025.

Capital Programme 2024-25 to 2028-29

- 4.73 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 2024-25.

- 4.74 The overall capital programme is summarised in the table below:

Table 4: Capital Programme Summary

Project	2024-25	2025-26	2026-27	2027-28	2028-29	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Schemes						
Properties	31.6	49.3	59.3	65.5	14.0	219.7
Fleet Replacement Plan	2.3	1.0	4.6	3.3	10.8	22.0
ICT Projects	3.6	9.1	11.2	6.2	1.9	32.0
Communications Project	0.1	0.3	0.3	0.0	0.0	0.7
Transformation	0.0	0.0	0.0	0.0	0.0	0.0
Operational Policy Equipment	1.2	0.0	0.0	0.0	0.0	1.2
Optimism Bias (10%)	(3.2)	(6.0)	(7.5)	(7.5)	(2.7)	(26.9)
Total Expenditure	35.6	53.7	67.9	67.5	24.0	248.7
Capital Financing						
Revenue Contributions	0.5	0.0	0.0	0.0	0.0	0.5
Capital Receipts	0.0	0.0	0.0	0.0	0.0	0.0
Capital Grants	2.5	2.1	0.0	0.0	0.0	4.6
External Borrowing*	32.6	51.6	67.9	67.5	24.0	243.6
TOTAL Funded Financing	35.6	53.7	67.9	67.5	24.0	248.7

*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.

Further work to be undertaken prior to March 2025 to assess profiling and deliverability of the current draft capital plan.

- 4.75 The proposed increase in property-related capital expenditure over the coming years is partly due to further investment in the 'Privacy for All' project but in large part due to the planned investment in a new LFB Headquarters on Brigade-owned estate, subject to business case assessment of the value for money case for this against alternatives including rental options.
- 4.76 Appendix 8 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 2028-29, 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.

Capital Strategy

- 4.77 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 2025-26 Capital Strategy is currently being developed in time for its scheduled publication in early 2025. Details of the current capital programme are included in Appendix 8.

The table below sets out the summary capital ambition from 2029-30 to 2043-44 in five-year intervals.

Project	Years 2029- 2034	Years 2034- 2039	Years 2039- 2044	Total
	£m	£m	£m	
Capital Schemes				
Properties	71.6	80.9	93.2	245.7
Fleet Replacement Plan	54.3	25.0	40.9	120.2
ICT Projects	21.0	43.9	30.6	95.5
Communications Project	0.0	0.0	0.0	0.0
Operational Policy Equipment	0.0	0.0	0.0	0.0
Total Capital Expenditure	146.9	149.8	164.7	461.4
Capital Financing				
Capital Receipts	0.0	0.0	0.0	0.0
Capital Grants	0.0	0.0	0.0	0.0
External Borrowing	146.9	149.8	164.7	461.4
TOTAL Funded Financing	146.9	149.8	164.7	461.4
Unfunded Capital Expenditure	0.0	0.0	0.0	0.0

Strategic Drivers

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

5 Values comments

5.1 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.

5.2 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

5.3 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.

5.4 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.

6 Equality comments

6.1 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.

6.2 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.

- 6.3 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.
- 6.4 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.
- 6.5 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.
- 6.6 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.
- 6.7 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 Workforce comments

- 7.1 LFB's recognised trade unions are being consulted on the savings and investment 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 similar rank. Some occupied FRS posts may be affected, which would require formal consultation to be undertaken. .

8 Sustainability comments

- 8.1 Please see Appendix 11 for more information and detailed analysis of the sustainability impact of activity included in this report.

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 A communications strategy shall be agreed with the communications directorate.

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

Appendix	Title	Protective Marking
1	Consultation Letter	None
2	Medium-Term Financial Strategy (MTFS)	None
3	Existing Budget Savings 2025-26 (previously committed to as part of last year's budget process)	None
4	New Budget Savings 2025-26	None
5	New Departmental Budget Investments 2025-26	None
6	Community Risk Management Plan (CRMP) Budget 2025-26	None
7	Inflationary/Medium Term pressures	None
8	Capital Strategy	None
9	Reserves Strategy	None
10	Equality Analysis / Equality Impact Assessment (EIA)	None
11	Climate Budget and Sustainability Analysis	None
12	Draft Letter to Fire Committee	None
13	Budget Submission to the Mayor	None

Appendix 1

Consultation Letter

Jules Pipe CBE

Deputy Mayor for Planning, Regeneration and the Fire Service

Jules.Pipe@london.gov.uk

Date: 20 November 2024

Dear Jules,

Budget Proposals 2025-26

1. The purpose of this letter is to consult you before I prepare a draft component budget for the London Fire Commissioner (LFC) for 2025-26, in accordance with the provisions of paragraph 2 of schedule 6 of the Greater London Authority Act 1999 (the GLA Act 1999). It also allows me to describe in more detail the process for finalising my Budget and clarify the requirements for your budget submission.
2. My intention is to issue the GLA Group Budget Consultation document as soon as is practical in December 2024. As in recent years, it is likely that the provisional police, fire, and local government finance settlements will not be published until shortly before the Christmas break, leaving insufficient time to incorporate them into the consultation document. Waiting for the provisional settlements only serves to reduce and delay the time available for consultation.
3. I will determine my intentions for council tax increases once funding settlements have been announced. Given the timeline above, my council tax decision is likely to be made in January.
4. There remains significant uncertainty about other parameters prior to the actual settlements with respect to the likely levels of retained business rate income in 2025-26 and future years.
5. At this stage, LFC's budget submission should continue to be based on the control totals set out in my Budget Guidance published in July 2024. Subject to considering any comments that LFC would wish to make and the impact of provisional finance settlements when announced, my present intention is to confirm a draft component budget for 2025-26 that will require the GLA to pay to LFC under section 102 of the GLA Act 1999, as amended, an amount equivalent to £511.5 million.
6. For planning purposes, I intend to set an indicative allocation for 2026-27 of £530.6 million and for 2027-28 of £549.3 million. These amounts remain indicative, given that future years' allocations of funding for the GLA Group have yet to be announced.
7. On the basis of the funding assumptions set out above, I require that your proposals balance the budget for 2025-26. In order that my Budget Consultation Document can be prepared in a consistent and efficient fashion, please ensure that your submission fully complies with the requirements as set out in my Budget Guidance 2025-26. May I also remind you that your budget submission should be placed on your website as soon as practical after its submission.
8. Please send your budget submission, including the requested text to be included in my Consolidated Budget and completed financial templates, to Elliott Ball, Interim Director Group Finance and Performance at the GLA, by email at elliott.ball2@london.gov.uk and GLABudget@london.gov.uk no later than 5pm on Friday 22 November 2024.

Yours sincerely,

Sadiq Khan
Mayor of London

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

Appendix 2

Medium-Term Financial Strategy (MTFS)

1 Introduction

This report sets out the Medium-Term Financial Strategy (MTFS) for the London Fire Commissioner (LFC) covering the period 2025-26 to 2027-28.

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 recognised macroeconomic uncertainty. The first Budget from the new Labour Government was presented by the Chancellor of the Exchequer on 30 October 2024. The forecast for inflation included in the Budget Statement was close to the 2 per cent target over the planning period, however forecasts for growth and inflation will be reviewed as the Budget Statement is analysed and results from the announcements made by the Chancellor begin to have an impact.

Higher interest rates impact on the LFC through the borrowing to support the capital programme. The LFC has been able to make use of capital receipts to fund the capital programme for several years, however these are now largely exhausted and so borrowing will now be required. Interest rates that the LFC is able to secure 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 31 July 2024 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 2028 and has been issued to underpin the process of setting the 2025-26 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 pulls together the Brigade's existing work as well as ideas for the future, so that there is one plan which sets out all the organisational priorities. The CRMP incorporated outstanding actions to address findings from Phase One of the Grenfell Inquiry and the previous inspections by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS).

It was developed prior to the publication of the Independent Culture Review, and results from the second full

inspection by HMICFRS. This has meant that the CRMP had to be adapted in the light of those subsequent reports and may require further adjustment as the recommendations from the Second Phase of the Grenfell Inquiry are fully analysed and understood, and necessary action confirmed. The HMICFRS is also expected to publish the outcome from its latest full inspection of the LFC before the end of the year.

The overarching framework of the CRMP has not required amendment. It describes six services that the Brigade will provide to London, Londoners and visitor to London in response to the London Fire Commissioner's Assessment of Risk. Three of those services are long-established and encompass our work to help:

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

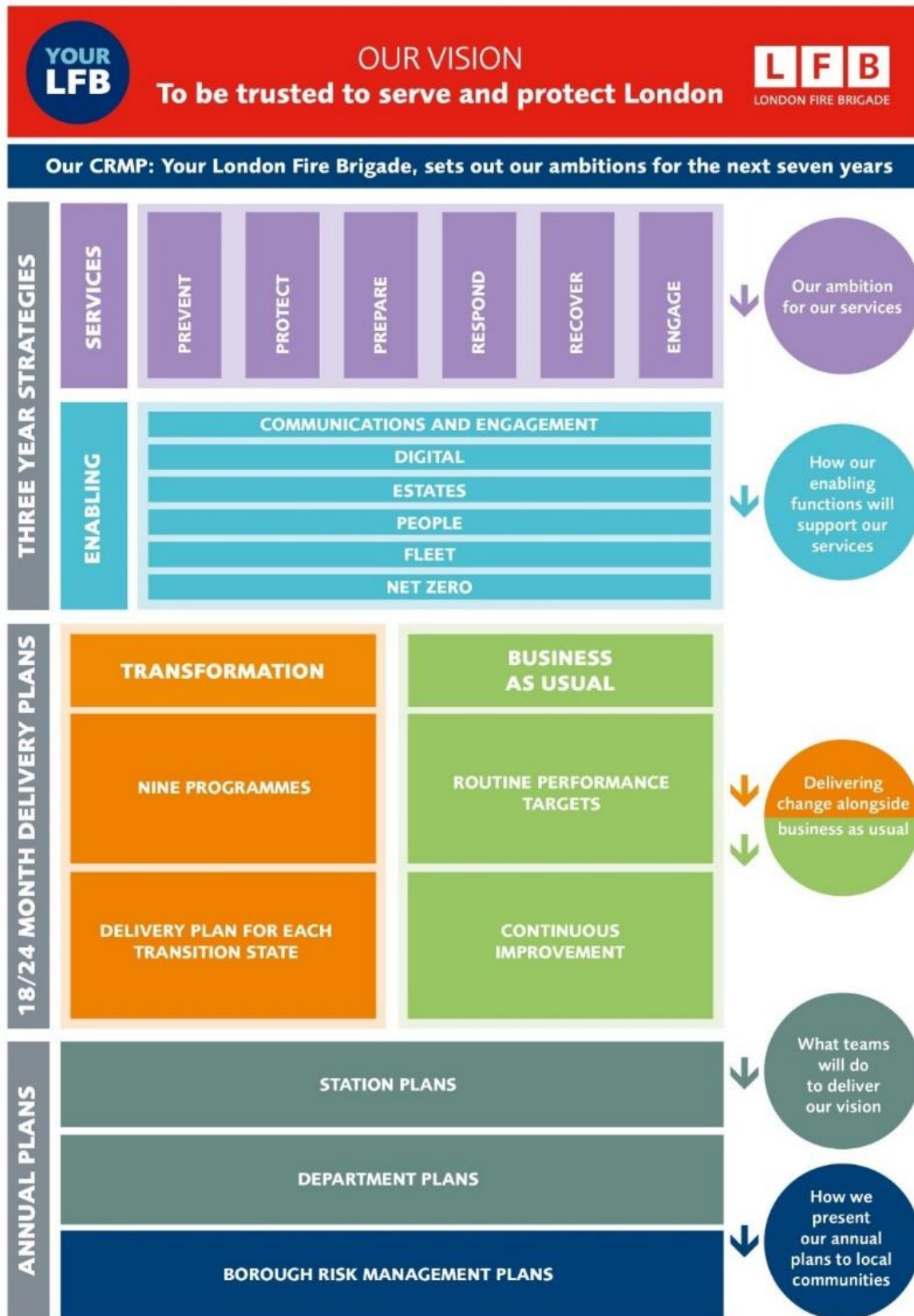
The Plan describes three newly defined services so that the Brigade can work more effectively with people so that they not only are safer, but they also feel safer. Those three new services are:

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

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

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

The Plan is supported by service strategies and actions are being translated into local plans at the department, borough and station level, as set out in the graphic on the next page.



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

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

Funding figures as set out by the Mayor represent increases in funding in each year, with an additional £16.4 million provided in 2025-26, a further £19.1 million in 2026-27 and a further £18.7 million in 2027-28. To achieve the requirement for a balanced budget in 2025-26 the LFC has carried out a budget setting exercise to identify the savings required as set out in its Budget Submission to the Mayor.

5 The Strategy

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

- The number of fire stations, appliances and firefighters are not reduced.
- There are no reductions in regulatory capabilities.
- Delivery of the Community Risk Management Plan (CRMP).
- Appropriate investment continues to be made in transformation activity, including culture change.
- Resources are available to meet the recommendations arising from both the Grenfell Tower and Manchester Arena Inquiries and also the improvement plan from the HMICRFS 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 working will be adopted as far as possible.

6 Assumptions

The Mayor has proposed that the GLA and its functional bodies should assume for planning purposes that their allocation of discretionary income from the GLA for 2025-26 and future years is based on a 'central scenario'. As part of that central scenario:

- Business rates funding is assumed to increase by CPI inflation (estimated at 2%).
- Council tax Band D precept is assumed to increase by 2%.
- The Council tax base is assumed to increase by 1% a year.

The main assumptions in the MTFS are:

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

7 Medium-Term Financial Strategy 2025-2028

The Medium-Term Financial Strategy sets out the proposed revenue budget for the next financial year (2025-26) 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	2026-27	2027-28
	£'m	£'m	£'m
Corporate Services	84.4	85.7	89.1
Preparedness and Response	388.5	397.2	404.6
People	10.6	10.4	10.5
Transformation	4.0	5.0	4.5
Prevention, Protection and Policy	41.3	45.1	45.8
Communications	3.7	4.4	4.7
Savings Review – Cross Cutting	(9.6)	(9.6)	(9.6)
Saving yet to be identified	(18.0)	(31.7)	(29.5)
Net Service Expenditure	504.9	506.5	520.1
Capital Financing	21.1	24.5	29.5
Interest Receivable	(1.0)	(1.0)	(1.0)
Net Expenditure	525.0	530.0	548.6
Transfer to / (from) Reserves	(13.5)	0.6	0.7
Financing Requirement	511.5	530.6	549.3
Un-ringfenced Government Grants	0.0	0.0	0.0
Retained Business Rates	287.4	293.1	298.4
Council Tax Collection Fund Surplus / (Deficit)	0.0	0.0	0.0
Council Tax Requirement	224.1	237.5	250.9

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 published a Productivity and Efficiency Plan as part of the Budget 2024-25.

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 2025-26.

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

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

- An outcomes-based approach to service delivery models to be adopted in line with the CRMP (Community Risk Management Plan) and the Target Operating Model.
- A Priority budgeting approach will be adopted in budget setting processes to ensure resources are aligned with key priorities and strategic objectives.

- Organisational structures will be reviewed to ensure they are fit-for-purpose in meeting statutory obligations but lean and efficient.
- Business processes and related systems will be reviewed to ensure that they are aligned with modern, best practice and seek to maximise the use of digital solutions.
- Maximisation of procurement benefits to drive out value-for-money in commercial contracts.
- Opportunities for collaboration with the GLA, the fire and rescue sector and other public sector bodies will be proactively sought.
- Early and proactive engagement with the unions will be undertaken on any potential pay awards.

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

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

Section 4.44 of the main budget submission sets out the outcomes of previous and ongoing efficiency reviews, strengthened processes for business cases, aligning investments to strategic priorities. LFB have to submit an annual return to the National Fire Chiefs Council (NFCC) on its efficiency and productivity plan, with key targets of 2 per cent of non-pay efficiencies and increase productivity by 3 per cent on an annual basis. Across 2022-23 – 2024-25 the LFB submission included an average of 6.9 per cent of non-pay efficiencies which is well above the target set.

For 2025-26 a Financial Review is being undertaken to identify savings over the short to medium term to support the budget and including to support addressing the budget gap in 2025-26. This review is being led by the Assistant Director for Finance Transformation and the Strategic Advisor (external to LFB). This work has identified further savings of £9.6 million in 2025-26.

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.

10 Financial Risks

Pay and Inflation

The MTFS includes an assumption of a 2 per cent pay award for 2025-26 for all staff and in future years. This assumption will be reviewed as part of the 2025 national and local pay negotiation processes and considering inflation, affordability, and other factors. Each 1 per cent change in pay is equivalent to around £4m 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.

Firefighter and Local Government Pension Schemes

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

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

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. This includes the LFC Headquarters where a project is underway to confirm new arrangements with the approaching expiry of the lease on the current HQ at Union St. 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 the council tax, as well Government decisions on funding, including the spending/fair funding reviews. The MTFS has been formulated using the central scenario totals set out in the Mayor's Budget Guidance 2025-26 but there is a risk that actual funding could be lower.

Key operational systems

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

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

Other risks

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

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

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

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

Legal costs

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

11 Conclusion

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

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

The MTFS sets out that £18m of further funding and/or savings are required in order to ensure a balanced budget for 2025/26, with further challenges in subsequent years which will need to be addressed through the government's Comprehensive Spending Review. An update will be provided in the final LFC budget in Spring 2025.

Appendix 3

Existing Budget Savings 2025-26

Set out in the 2024-25 budget process and expected to be delivered from 2025-26 and inclusive of CRMP Programme delivery aligned to the relevant Senior Responsible Officer (SRO) or Director.

Directorate	2025-26 Saving £'000	2026-27 Saving £'000	2027-28 Saving £'000	Description
Corporate Services	(1,919)	(2,149)	(2,149)	Savings across the directorate including additional 'savings' identified through additional MFB Act income.
Preparedness and Response	(1,667)	(3,325)	(3,325)	This includes agreed savings and re-profiling of investment across the directorate.
People	(585)	(985)	(985)	This includes savings against a one-off pressure for occupational health and future reviews into delivery by the directorate.
Transformation	(110)	(115)	(115)	This includes a saving in resource to deliver change activities within programmes.
Prevention, Protection and Policy	(697)	(958)	(958)	This includes savings and efficiencies from across the directorate.
Communications	(505)	(505)	(505)	Reversal of one-off growth in prior year.
Existing Savings - Total	(5,483)	(8,037)	(8,037)	

Appendix 4 **New Budget Savings 2025-26**

All new savings set out within the 2025-26 budget process. These are in addition to the savings set out in appendix 3 as part of the prior year budget processes. In total there are savings to be achieved in 2025-26 of £28.2 million.

Directorate	2025-26 Saving £'000	2026-27 Saving £'000	2027-28 Saving £'000	Description
Corporate Services	(3,013)	(3,218)	(3,318)	A wide range of savings across the directorate, including systems, sanitisation and utilities.
Preparedness and Response	(3,015)	(3,632)	(3,632)	A wide range of savings across the directorate, including more efficient training course provision and savings on fuel.
People	(512)	(512)	(512)	Includes savings against the external complaints service contract.
Transformation	(1,207)	(1,207)	(1,207)	Savings across the directorate.
Prevention, Protection and Policy	(3,407)	(3,407)	(3,407)	Includes a saving from the Building Safety Programme team which is no longer required to cover secondments and savings from across the directorate. These savings do not impact on our regulatory capabilities which are being protected.
Communications	(68)	(68)	(68)	Includes savings generated from secondment of staff.
Savings Review / Cross Cutting	(9,630)	(9,630)	(9,630)	Cross cutting savings from recruitment controls, review of sickness absence to reduce overtime, contracts review, data and process efficiencies.
CRMP Programmes	(1,856)	0	0	Net reduction against previous assumptions.
New Savings - Total	(22,707)	(21,674)	(21,774)	

Appendix 5
Budget Investments 2025-26

Directorate	2025-26 Investment £'000	2026-27 Investment £'000	2027-28 Investment £'000	Description
Corporate Services	1,190	1,190	1,190	Includes a reduction in telecoms income, and expenditure on essential software licenses, facilities management and legal.
Preparedness and Response	604	604	604	This includes additional staff resource to support the directorate in key service delivery.
People	660	660	660	Additional investment within the Professional Standards Unit and investment requirements as part of service re-design.
Transformation	0	0	0	N/A
Prevention, Protection and Policy	55	55	55	A reduction in income in 'fire kills' grant and reduction in potential income due to change in policy of AFAs (noting that this income has never been realised previously so it is a budgetary correction).
Communications	0	0	0	N/A
Existing Investment - Total	2,509	2,509	2,509	

Appendix 6

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.

Programme	Budget 2024-25 £'000	Budget 2025-26 £'000	Description of Investment in 2025-26
Localised Services	0	748	Delivery of One Risk in revised format.
Accessible Services	515	0	Paused until 2026-27.
Modern Services	6,298	8,128	Delivery of Modern Firefighting Strategy.
Community Partnership	0	0	Paused until 2026-27.
Culture Transformation	4,758	3,030	Range of initiatives which stemmed from Independent Culture Review including EDI strategy, undress uniforms project, Professional Standards Unit, leadership redesign.
Streamlined Services	533	512	Delivery of new corporate ERP systems (to replace obsolete systems).
Data-driven Performance	175	0	Paused until 2026-27.
Sustainable Services	588	120	Electrical Vehicle Charging maintenance.
Change Capability	252	0	Paused until 2026-27.
Total	13,119	12,538	

Appendix 7

Medium Term / Contractual Inflationary Pressures

A breakdown of the overall medium term / inflation pressures for 2025-26 can be seen below.

	2025-26 Contractual Inflation Pressure £'000
Pay Inflation (assumed 2 per cent)	8,360
Minimum Revenue Provision (Capital Financing)	3,800
External Interest Costs (Capital Financing)	1,300
Commercial Rents	1,221
External Training Contract	1,153
Property Contracts (General inflation)	1,013
ICT Contracts (General inflation)	1,004
Unitary Payments (Transport)	671
Insurance Premiums	627
Interest received on external investments (reduction)	620
Property Business Rates	553
Apprenticeship Levy	300
Pensions Services	295
Loss of Govt Grants (ICT)	211
Finance Contracts (General inflation)	92
Total	21,220

Appendix 8

The capital programme and the capital strategy

LFC Capital Strategy 2024-25 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 2029/30 to 2043/44. 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 2025. 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 2025.

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

Approach

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

The 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 support addressing the recommendations from the Grenfell Tower Inquiry and the HM Inspectorate of Constabulary and Fire & Rescue Services.

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

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

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

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

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 2028-29 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 2024-25 to 2028-29

Project	2024-25	2025-26	2026-27	2027-28	2028-29	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Schemes						
Properties	31.6	49.3	59.3	65.5	14.0	219.7
Fleet Replacement Plan	2.3	1.0	4.6	3.3	10.8	22.0
ICT Projects	3.6	9.1	11.2	6.2	1.9	32.0
Communications Project	0.1	0.3	0.3	0.0	0.0	0.7
Transformation	0.0	0.0	0.0	0.0	0.0	0.0
Operational Policy Equipment	1.2	0.0	0.0	0.0	0.0	1.2
Optimism Bias (10%)	(3.2)	(6.0)	(7.5)	(7.5)	(2.7)	(26.9)
Total Expenditure	35.6	53.7	67.9	67.5	24.0	248.7
Capital Financing						
Revenue Contributions	0.5	0.0	0.0	0.0	0.0	0.5
Capital Receipts	0.0	0.0	0.0	0.0	0.0	0.0
Capital Grants	2.5	2.1	0.0	0.0	0.0	4.6
External Borrowing*	32.6	51.6	67.9	67.5	24.0	243.6
TOTAL Funded Financing	35.6	53.7	67.9	67.5	24.0	248.7

*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 is partly due to further investment in the 'Privacy for All' project but in large part due to the planned investment in a new LFB Headquarters on Brigade-owned estate, subject to business case assessment of the value for money case for this against alternatives including rental options.

Revenue Funding of the Capital Programme for the first 5 years

In the medium-term the total capital plan is £248.7m of which £5.1m of the plan is funded by the use of Revenue Contributions and Capital Grants. The remaining balance is expected to be funded by £243.6m 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 5.08% (5 year re-payment on maturity loan, also assuming the certainty discount rate applies). From 2027-28 onwards the interest rate assumptions are of a borrowing rate of 2.5%.

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

Table 2: Capital Ambition 2028-29 to 2043-44 and Ambition Gap

Project	Years 2029- 2034	Years 2034- 2039	Years 2039- 2044	Total
	£m	£m	£m	
Capital Schemes				
Properties	71.6	80.9	93.2	245.7
Fleet Replacement Plan	54.3	25.0	40.9	120.2
ICT Projects	21.0	43.9	30.6	95.5
Communications Project	0.0	0.0	0.0	0.0
Operational Policy Equipment	0.0	0.0	0.0	0.0
Total Capital Expenditure	146.9	149.8	164.7	461.4
Capital Financing				
Capital Receipts	0.0	0.0	0.0	0.0
Capital Grants	0.0	0.0	0.0	0.0
External Borrowing	146.9	149.8	164.7	461.4
TOTAL Funded Financing	146.9	149.8	164.7	461.4
Unfunded Capital Expenditure	0.0	0.0	0.0	0.0

The programme includes the capital investment requirements to ensure that the LFC's fleet meets the new ultra-low emissions zone requirements (ULEZ) and replacement of vehicles as they come to the end of their useful life. Ongoing capital expenditure on the LFC's estate is included to maintain the condition and functionality of fire stations. There are also estimates for spend on ICT replacement and upgrade. The programme does not include the 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

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

Based on current estimates, the level of debt charges is expected to steadily increase over the period, resulting in a substantial increase in debt charges peaking at £39.0m by 2038/39 before starting to fall. Under current

assumptions this would result in the need to increase the capital charges budget by an average of £20m, which would need to be funded by matching savings or income.

The projected budget pressure, of an average of £20m, is based on current capital spend projections which is based on inflation at 3.0% per annum and the current capital plan assumptions of total expenditure and the expectation of no 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 2024-25 to 2027-28. These will be reviewed as the new Treasury Management Strategy is developed.

Table 3: Prudential Limits

Approved Borrowing Levels	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m
Operational Boundary	240.0	240.0	240.0	240.0
Authorised Boundary	245.0	245.0	245.0	245.0

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

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

The above table does not consider the effects of implementing the new accounting standard IFRS16, where all leases/contracts that conveys the right to use an asset will be brought onto the balance sheet and long-term liabilities will be created for the future rentals under these leases. The new accounting standard came into effect from 1st April 2024. This is likely to increase significantly the value of lease arrangements held on the balance sheet, and therefore notional levels of debt. The Capital Strategy will be updated once the impact of the new accounting requirements has been assessed.

Risk

The Capital Programme is subject to the following risks.

- A lack of affordable sites for new developments.
- Increased cost in delivering the capital programme due to inflation pressures/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 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 2025.

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.

Appendix 9

Reserves Strategy

LFC Reserves Strategy

Introduction and Background

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

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

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

Strategic Context

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

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

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

Long-Term Sustainability

Reserves are an essential tool to ensure long-term budget stability particularly at a time when the LFC is facing significant risk over funding and savings requirements in future years. In recent years LFC has built up reserves to help meet short term budget gaps, 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 £850k on claims for combined liability and £250k on motor fleet, with an aggregate (maximum liability) of £5.0m and £10.0m in one year respectively. These levels are reviewed when insurance policies are retendered, and potentially renewal, in discussion with key stakeholders.

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

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

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

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.

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, 2025-26, 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.

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.

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% (£17.9m) can currently be deemed to be adequate given the corporate governance and control arrangements in place across the organisation. However, this is predicated on balancing the budget for 2025-26 – there currently remains a gap of £18m to be filled by further funding and/or further savings. This will be reviewed ahead of the final budget to be published in March 2025.

Annex A Projected Reserve Balances over Medium-Term Financial Plan Period (2025-2028)

Reserve	Forecasted Balance at 31/03/2025 (£m)	2025-26 Forecasted Use of Reserves (£m)	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)
Fire Safety Improvement	15.0	(10.4)	4.6	0.0	4.6	0.0	4.6
Fire Safety and Youth Engagement	4.4	(1.5)	2.9	0.0	2.9	0.0	2.9
Community Risk Management Plan	1.9	(1.9)	0.0	0.0	0.0	0.0	0.0
Building Safety Regulator	1.7	0.0	1.7	0.0	1.7	0.0	1.7
Vehicle & Equipment Reserve	1.4	(1.4)	0.0	0.0	0.0	0.0	0.0
Pensions	1.1	0.0	1.1	0.0	1.1	0.0	1.1
Emergency Services Mobile Communication Programme	0.9	0.0	0.9	0.0	0.9	0.0	0.9
London Resilience	0.8	(0.6)	0.2	0.0	0.2	0.0	0.2
Recruitment	0.6	(0.6)	0.0	0.0	0.0	0.0	0.0
ICT Development	0.3	(0.3)	0.0	0.0	0.0	0.0	0.0
Grenfell Infrastructure	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0
MTA	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0
Sustainability	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0
Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LFB Museum Project	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Compensation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Leadership Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Budget Flexibility	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	14.1	3.8	17.9	0.7	18.6	0.6	19.2
Total Reserves	42.8	(13.5)	29.3	0.7	30.0	0.6	30.6

*Note earmarked reserves with 0.0 have forecasted balances, but less than £50k.

General Reserve

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

Budget Flexibility Reserve

The Budget Flexibility Reserve was originally set up as part of the 2017-18 budget process, to provide balances to support budget uncertainty in future years. The reserve provided balances to support uncertainty in the current funding, as set out in previous versions of the Mayor's Budget Guidance. The reserve is expected to be fully utilised by the end of the 2024-25 financial year however it does contain sufficient funds to meet the commitments made to date.

Earmarked Reserves

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

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

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

The Fire Safety Improvement Reserve will be utilised to fund the Modern Firefighter and Training Investment in 2024-25 and 2025-26. The use of the balance at the end of 2025-26 will be considered further.

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

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

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

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

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

From prior years the Communications, LFB Museum, Vehicle and Equipment, Leadership and MTA Reserves are no longer required and will be released to support the overall LFB budget in 2025-26. Any requirements in any of these areas have been considered and any requirements included within base budgets.

Appendix 10
Equality Analysis / Equality Impact Assessment (EIA)

A. Name and the nature of the programme/ activity
<p>London Fire Brigade Budget Submission 2025-26</p>
B. Reason for Equality Impact Assessment
<ul style="list-style-type: none"> • Proposed change to an existing programme/ activity • Undertaking a review of an existing programme/ activity <p>This Equality Impact Assessment has also 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:</p> <ul style="list-style-type: none"> • support the actions in the Building A Fairer City plan • impact on different groups of Londoners; this includes those sharing characteristics protected by the Equality Act 2010 and low-income Londoners • strengthen activities to further address structural inequalities in London – particularly poverty and economic inequality • fulfil the Equality Objectives for the functional body <p>This Equality Impact Assessment needs to be considered in the context of the challenging financial position that has been set out in the body of the LFB's Budget Submission. That submission currently includes significant further funding gap or saving requirement of £18m, which if not closed has the potential to impact London's diverse communities.</p> <p>These requirements are addressed in the following sections, which reflect funding that has been provided within this budget submission for 2025/26 for these activities.</p> <p><u>Building a Fairer City</u></p> <p>The Building a Fairer City plan includes four key areas on Labour market inequality, financial hardship and living standards, equity in public services and civil society strength.</p> <p><u>Labour market inequality</u></p> <p>Through continued investment in Cultural Transformation and People Services, the LFB continues to focus on increasing the diversity of its workforce. A diverse workforce allows the LFB to integrate and become closer to its communities. If local communities trust us, the LFB is better able to gain their cooperation when it offers vital fire safety advice.</p> <p>Some of the most vulnerable people in society come from diverse backgrounds and the LFB needs to understand their lifestyles in order to safeguard them against the risk of fire. This applies to all roles, from inspecting officers to control staff, community safety teams and firefighters.</p> <p>A diverse team gives us a broad variety of skills, experience, problem solving and an opportunity to learn from each other's differences. In turn this helps us to do the best job we can to keep London and all its communities safe</p> <p><u>Equity in public services</u></p> <p>Community Forum</p>

The Brigade's Community Forum, which was launched in 2022, has been instrumental in helping the Brigade to transform over recent years by bringing together individuals to share their perspectives and influence services. The Community Forum has 15 members who represent different communities from across London. Moving forwards, the Brigade wants to develop local forums to hear from communities on a more personal level. To accomplish this, the new Steering Group will play a crucial role in designing how the local community forums will operate, allowing for more localised and focused engagement. These forums will aid the Brigade in ensuring that even more communities have a voice in shaping the services they receive.

Equity as an LFB Value

Our values are a set of guiding principles that help us to create a safe and professional workplace culture. In turn, they also help us achieve our vision - to be trusted to serve and protect London.

Our people across the Brigade have helped to define these values by sharing their experiences of London Fire Brigade at its best. We've added input from the communities we serve and made sure they align with the NFCC Code of Ethics.

Our values are a key part of the way we work, and a foundation for delivering the goals of our Community Risk Management Plan: Your London Fire Brigade.

Our values are not new ideas; they have always been part of the Brigade and our people can live these values every day.

The six values are:

- Service
- Integrity
- Teamwork
- Equity
- Courage
- Learning

The value of equity can be demonstrated as an individual by:

- I seek to understand and learn from people with different perspectives
- I celebrate the achievement of others
- I give others the space to be themselves
- I am compassionate and kind to others and support their individual needs
- I do the right thing when nobody's looking

Impact on different groups of Londoners

We actively encourage and welcome all applicants to LFB, regardless of age, disability, transgender status or gender identity, marriage and civil partnership status, pregnancy and maternity, race, ethnicity or nationality, religion or belief, sex and sexual orientation.

We have a zero tolerance of discrimination and a strategy in place to ensure that no candidates are treated unfairly. Applicants can tell us if they require reasonable adjustments to provide them with equal opportunity in our recruitment processes, and our recruitment team are on hand to answer any questions they might have.

We are members of:

- The Employers Network for Equality and Inclusion (ENEI)

- The Business Disability Forum
- Stonewall (LGBT inclusion), and
- The Disability Confident Scheme

These organisations provide us with support and help us to become an employer of choice for the diverse communities across London:

Strengthen activities to further address structural inequalities in London

Improving our workplace culture

We want everyone in the Brigade to feel valued, safe and accepted in their workplace and to put public service at the heart of what we do. We're working hard to achieve that.

We are listening and talking as we improve

- Our senior leaders are visiting every Watch and team to discuss our new values and what they mean. Our leaders also visited our people to discuss our culture after the publication of the review.
- We run online all staff briefings every month, focusing on important topics including culture.
- Our Commissioner speaks at four in-person briefings at Headquarters every year, and attends department meetings, joint training sessions and fire stations.
- Last February our staff conference, Your LFB Live, focused on culture change; hearing and responding to the experiences of those with protected characteristics
- We introduced a briefing for staff – Your LFB Update – which is sent every eight days and gives regular information about culture-related and other changes in the Brigade.

Culture Review

Nazir Afzal's Independent Review of London Fire Brigade's culture was published in November 2022 and reported that LFB was institutionally racist and misogynistic, and that disabled and neurodiverse people received poor treatment. The LFB accepted the findings and committed to change.

The Culture Programme established an action plan covering five themes: Workplace where everyone is afforded dignity, better engagement with London's communities, leadership model of trust, improve wellbeing and transform People Services. At the Fire Performance Oversight Group, the committee noted and praised the LFB's sound plan and substantial progress.

Community Risk Management Plan.

In its delivery plan the LFB sets out what it will achieve over the life of the Community Risk Management Plan, which it is calling Your London Fire Brigade. It is based on the four new pillars and eight new commitments set out in Your London Fire Brigade. These pillars are:

- Engaging with YOU
- Protecting YOU
- Learning from YOU
- Representing YOU

Each of these pillars will impact on the services we provide, helping us to improve them so that we can work with the public to make them safer.

Detailed Performance information against the LFB's targets is set out in its published quarterly performance reports. This includes the below areas which are meeting their targets.

- LFB received new polling results for August 2024 with responses remaining positive at 89% for C1-01: Community Satisfaction ratings and 93% C6-02: LFB is trusted to serve and protect London respectively.
- Station staff time spent on prevention (C4-01) has increased from Q1 and remained on target since last quarter. We expect the new Fire Station Performance Report to drive further improvement in the future.
- Station staff time spent on protection (C4-02) is now on target and has increased from last quarter.
- Alleged fire risks addressed within 3hrs (C3-05) stands at 100% remaining within its quarterly target.
- The new target of 40% for Ratio of high-risk audits (C3-06) was met in Q2. Work has been done on the competency of inspecting officers; however, the introduction of the Building Safety Regulator (BSR) may impact performance. Progress will therefore be monitored closely.

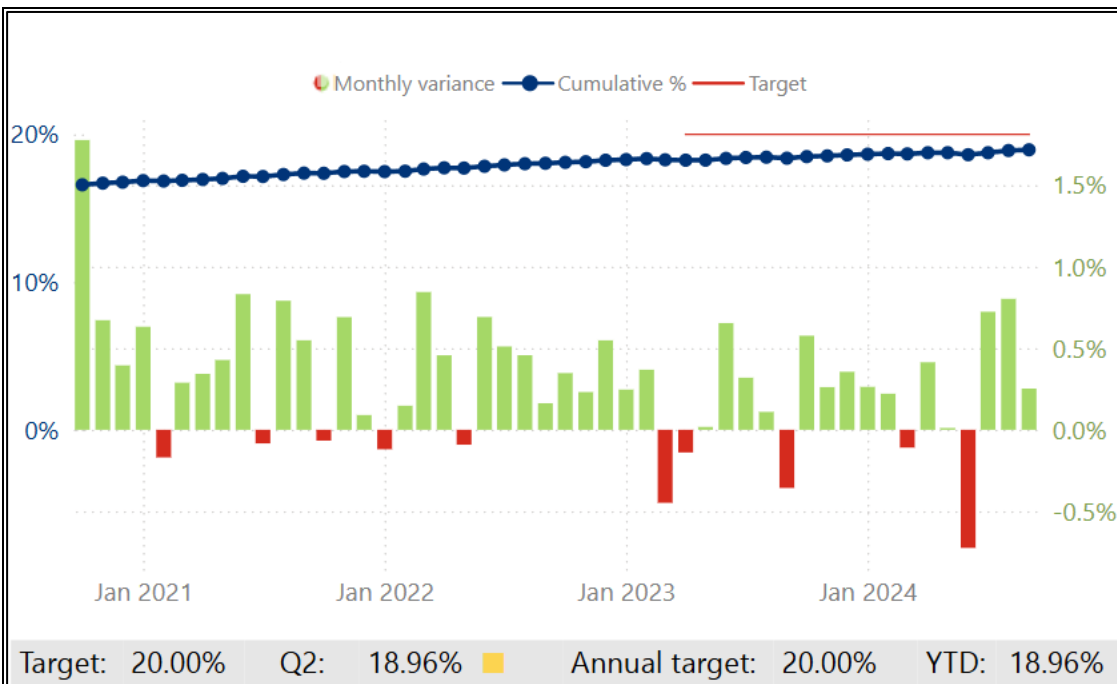
Whilst the LFB is not yet meeting all its targets it is making significant progress as summarised below.

- The staff composition for staff with disabilities (C1-04) remains below target. Several positive actions are being put in place to improve recruiting of underrepresented groups as well as disability disclosure rates.
- The number of triages via the Online Home Fire Safety Checker (C2-01) has increased in Q2 but remains off target, though engagement and communication plans are in place.
- From October 2024 LFB will no longer be attending automatic fire alarms in non-domestic buildings (C4-04), between the hours of 07:00 – 20:30 unless a call is also received from a person reporting a fire.
- Staff sickness (C5-03) and the number of RIDDORs (C5-01) remained off target in Q2. Further detail on interventions taken to address staff sickness is on page 28.
- Fire injuries (C7-02) and Accidental Fire Deaths in the Home (C7-04) are off target against the new and more challenging target that aims for LFB to be the best performing FRS in England. We are aiming to achieve this by the end of the CRMP. We continue to monitor emerging fire trends from lithium-ion batteries, particularly those in E-bikes and scooters, which have resulted in three deaths.

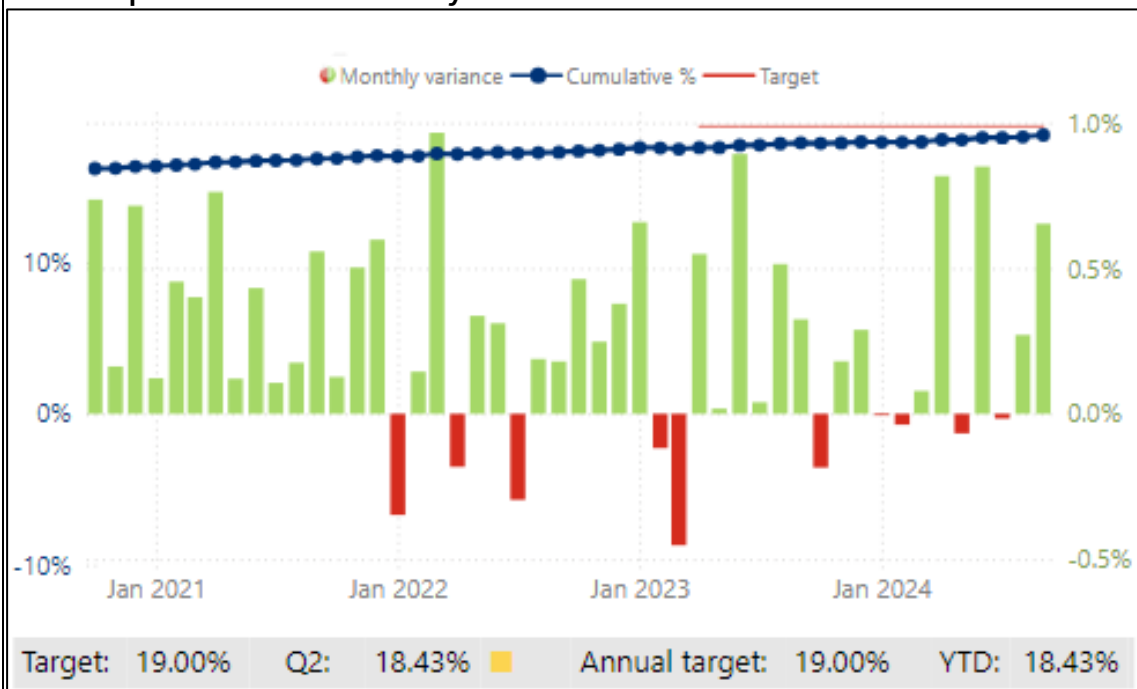
Fulfil the Equality Objectives for the functional body

Charts setting out how the LFB has been performing against its Equality workforce objectives are set out below.

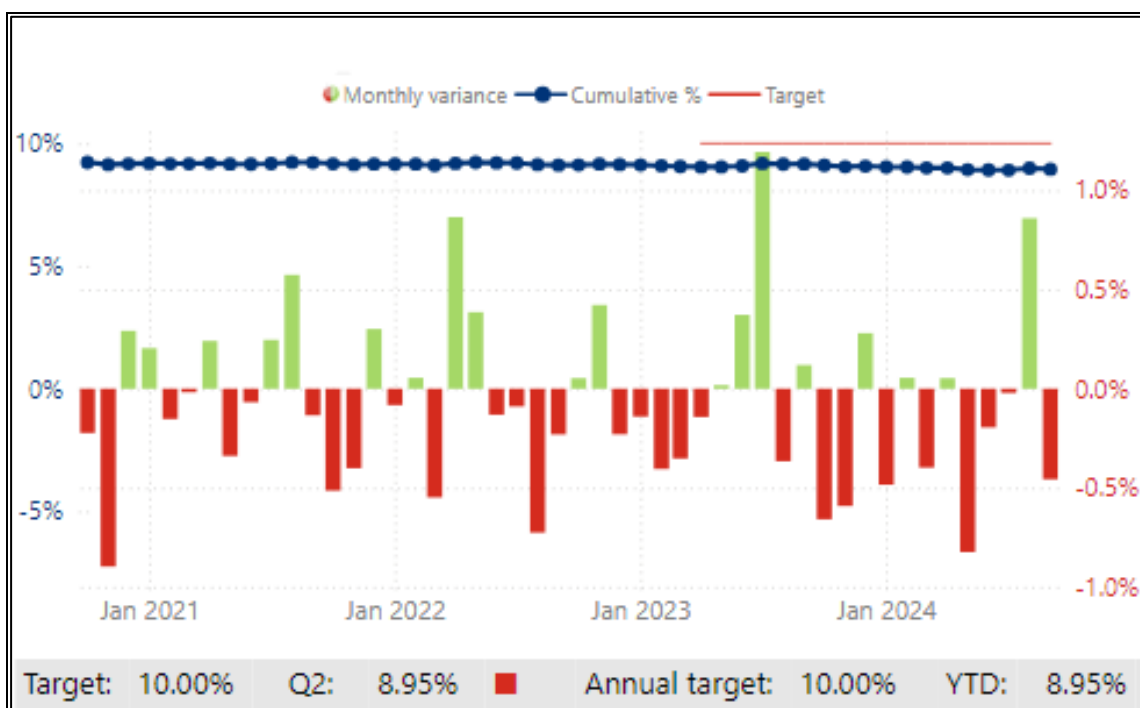
Staff composition – Gender (Women)



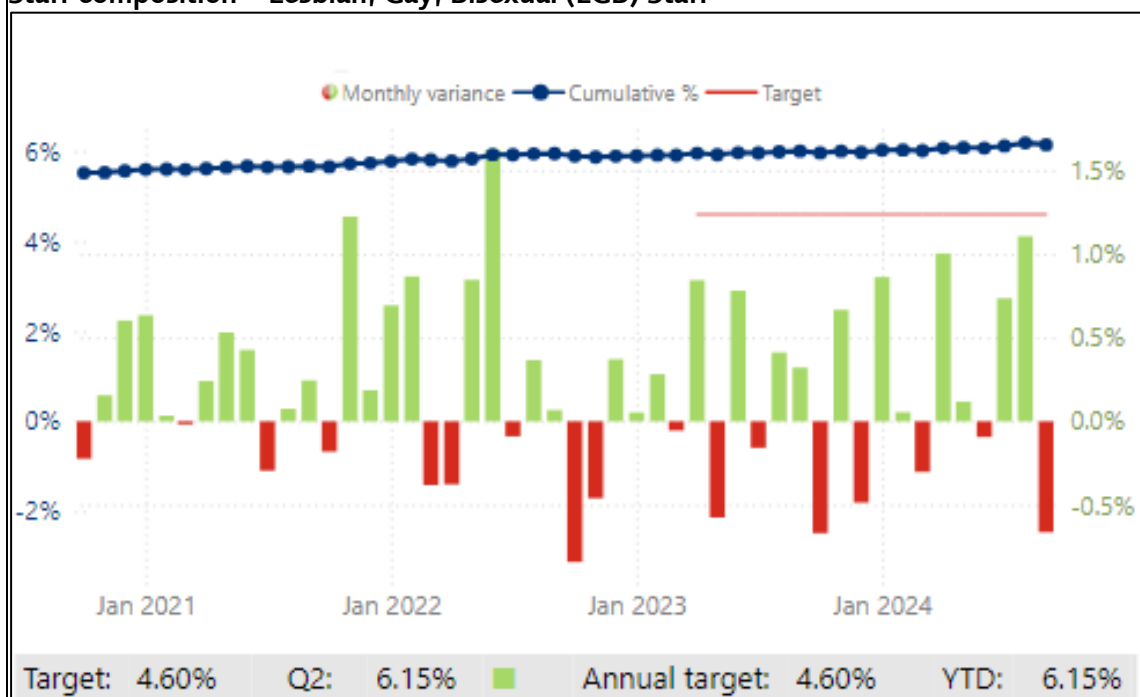
Staff composition – Ethnic Minority Staff



Staff composition – Disability



Staff composition – Lesbian, Gay, Bisexual (LGB) Staff



C. Person responsible for the programme/ activity

Name:

Job title: Principal Budget Planning Accountant

Department: Finance

D. Equality and diversity considerations

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

This budget submission sets out the financial implications of a range of saving and investment proposals, as well as a Financial Review process to deliver additional savings in 2025/26 and future years. Work will continue to develop and implement these proposals and updated EIA's will be provided for any change proposals as required or for any new savings and efficiencies identified.

Proposals will be reviewed to ensure the impact on our communities is considered. We will also protect our frontline delivery and regulatory capabilities to ensure we remain trusted to serve and protect London.

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

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

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

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

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

E. Evidencing Impact

Please answer each of the following questions

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

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

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

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

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

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

Any savings put forward have been considered in terms of the impact on the communities to which we serve.

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

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

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

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

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

Various stakeholders, such as trade unions will be consulted on the range of proposals

contained within the budget report (including in relation to pay and skills payments) and the potential positive impacts and opportunities available alongside putting in mitigating factors as far as possible to minimise the impact on any one individual or group. Such actions may include; assimilation or re-deployment.

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

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

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

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

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

The proposals within this report will be included as part of the LFC's Budget Submission to the Mayor, where it will then be consulted on as part of the GLA's consolidated consultation budget for 2025-26.

Appendix 11

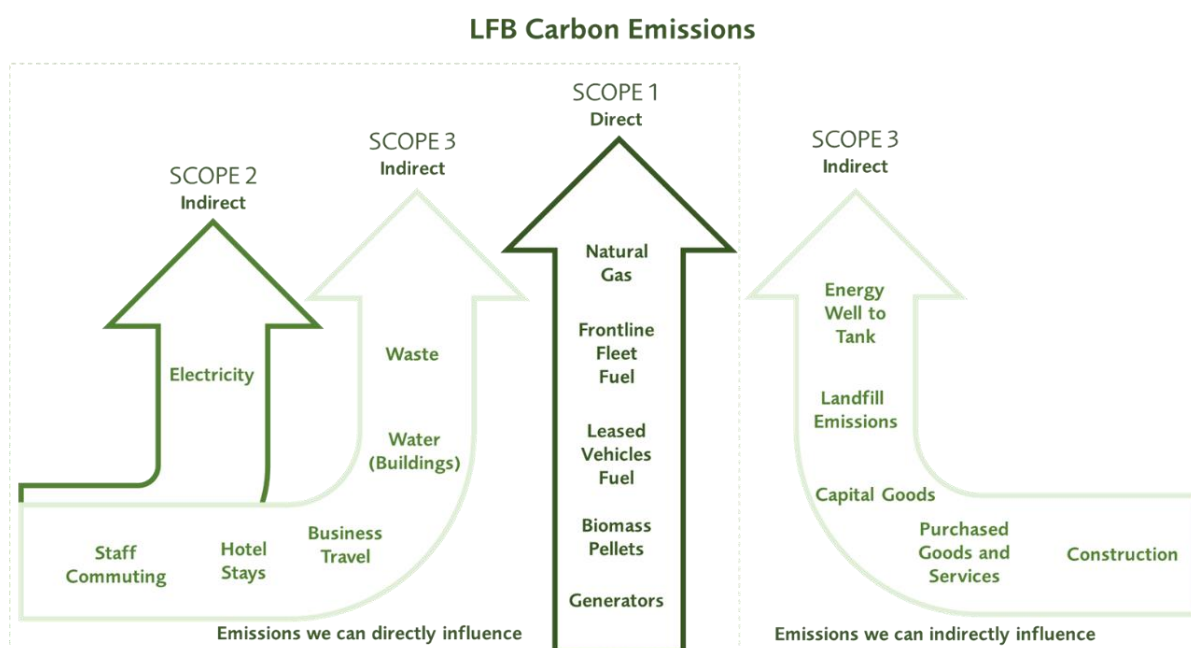
Climate Budget & Sustainability Analysis

Overview

Following extensive public consultation LFC published the Community Risk Management Plan (CRMP) in 2022 (which came into force on 1 January 2023). This confirms the LFC commitment to reducing impact on the environment and stated the target of aiming to reach net zero carbon by 2030. The LFC is aiming for net zero by prioritising the reduction of carbon emissions to the greatest extent possible, minimising reliance on carbon credits.

Emissions Scope

CO₂ emissions are included from the following scopes in accordance with methodologies laid out in the Greenhouse Gas Protocol, this is detailed in the scope diagram below¹.



Scope 1 – All direct emissions from the activities of London Fire Brigade or under our control

Emissions included from the following inputs make up the total **Scope 1 direct emissions** for LFC:

- Natural Gas
- Building consumption
- Other Heating fuels
- Biomass pellets
- Petrol and Diesel fuel consumption from company owned non-electric vehicles.
- Including all road transport, appliances, and boats
- Diesel Generator Data - not available
- No data is currently available, so this has been estimated based on allowing for a typical monthly test run on a generator.
- Fugitive Emission Data – not available

¹ Scope 1 and 2 combined are equivalent to Level 1 as defined in the GLA Group Budget Guidance; Scope 3 is equivalent to Level 3; Level 2 is not relevant to the LFB.

- No data is currently available, so this has been estimated based on the assumption of around 60g of R410A leakage per year for all sites with air conditioning units and the possibility of a major leak of around 5kg per year.

Scope 2 – Indirect emissions from electricity purchased and used by London Fire Brigade or under their control.

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

Electricity Consumption from:

- Building consumption
- On-site EV charging from LFC owned charge points
- Off-site EV charging from 3rd party owned public charge points.

Scope 3 – Indirect emissions within LFC's value chain, which often constitute a sizable portion of organisational emissions (frequently up to 70-80 per cent).

Scope 3 emissions are more difficult to account for than Scopes 1 and 2 because the required data often lies with other organisations or individuals outside of LFC. As a result, there is a higher degree of estimation in Scope 3 categories – this is recognised by the GHG Protocol.

In measuring Scope 3 emissions LFC will be able to collaborate with suppliers to reduce emissions and encourage staff to reduce emissions from business travel, commuting, waste, and water.

Emissions currently included from the following inputs make up the total Scope 3 indirect emissions for LFC:

- **Well-to-tank (WTT) fuels**
 - Scope 3 emissions associated with extraction, refining and transportation of the raw fuel sources to LFC prior to their combustion.
- **Transmission and distribution (T&D)**
 - Scope 3 emissions associated with grid losses (the energy loss that occurs in getting the electricity from the power plant to LFC)
- **WTT for UK electricity**
 - Scope 3 emissions of extraction, refining and transportation of primary fuels before their use in the generation of electricity.
- **Water supply**
 - to account for water delivered through the mains supply network.
- **Waste disposal**
 - end-of-life disposal of varied materials using a variety of different disposal methods.
- **Business travel (Air)**
 - Scope 3 emissions for individuals flying for work purposes.
- **WTT business travel (Air)**
 - Scope 3 emissions associated with extraction, refining and transportation of the aviation fuel to the plane before take-off.
- **Business travel (land)**
 - travel for business purposes in assets not owned or directly operated by LFC.
- **WTT for travel (land)**
 - Scope 3 emissions associated with extraction, refining and transportation of the raw fuels before they are used to power the transport mode.
- **Hotel stay**
 - Scope 3 emissions associated with overnight hotel stays.

LFC in 2021, along with other GLA Group Functional Bodies participated in an initial study to understand our scope 3 supply chain emissions baseline which was based on a spend based analysis.

This resulted in hot spotting specific carbon intensive categories for further analysis and supplier engagement, which highlighted capital goods and purchased goods and services material use as a high scope 3 emission area for LFC.

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

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

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

LFC conducted a scope 3 maturity benchmark in collaboration with the Scope 3 Peer Group, a large international community that has chosen to work together to advance progress on Scope 3. The assessment addressed five key areas for action to improve our Scope 3 maturity.

1. External engagement - Net Zero Supplier Management Framework
2. Organisation - Organisational Design
3. Strategy - Net Zero Procurement Strategy
4. People - Talent Acquisition and Retention
5. Performance management - Performance Management of Suppliers

The result demonstrated that LFC have made progress in tackling some of the key areas in Scope 3 and decarbonisation. Although external engagement, organisation, and strategy were the areas with the largest gap among the leading organisations, LFC scored above the median level in the qualitative benchmark.

Emissions conversion factors

LFC utilise the emissions conversion factors published by the Department for Energy Security and Net Zero (previously BEIS/DEFRA) when calculating and reporting emissions for all categories where a conversion factor is provided in this dataset. This dataset is refreshed and published annually (usually June/July).

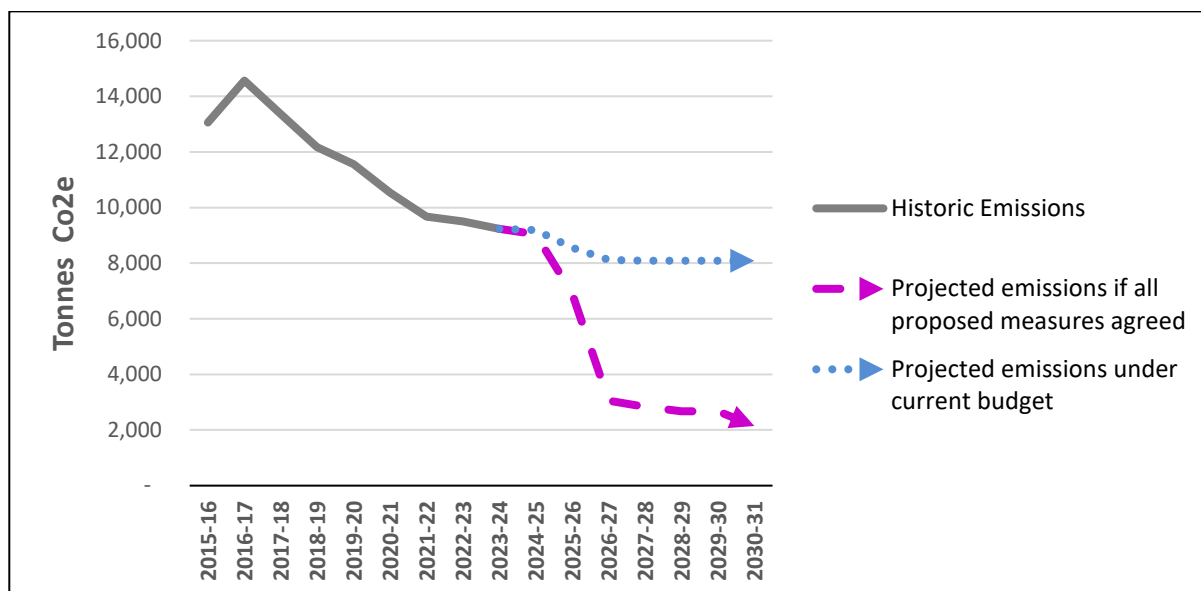
LFC Baseline Emissions (2020/21)

The baseline for total Carbon emissions is key to establish the starting point from which ongoing success will be measured. To align with LFC financial reporting, this has been selected as April 2020 to March 2021.

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

The graph below outlines:

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



LFC Carbon reduction progress

The LFC Sustainable Development annual Report (LFC-24-081) has further details outlining the LFC carbon emission reductions and progress to date. Highlights include:

In 2023/24 LFC reduced its Carbon emissions by a further -2.6 per cent from the previous year to -12.4 per cent from LFC's baseline year of 2020/2021.

Fleet

- Emissions from fleet vehicles decreased by 2.7 per cent compared to the previous year. The fluctuations in frontline fleet emissions align with the number of incidents attended, however the Fleet CO2 emissions continue to reduce.
- 15 per cent of all fleet are zero emission capable, this is an increase from the previous year. The target for all fleet to be zero emission capable is 2030, and 2025 for light vehicles.
- Nearly all LFC buildings have electric vehicle (EV) charge points, accessible for LFC vehicles and personal staff usage. A further three fire stations have publicly accessible rapid charging.
- LFB has expanded a pilot trial to run existing vehicles on Hydrotreated Vegetable Oil (HVO) as a "steppingstone" carbon reduction solution for LFB whilst it continues to operate existing diesel vehicles.

Buildings

- Onsite renewable energy generation has increased to 13 per cent, a continued focus on maintenance of existing systems resulted in a reduction of CO2 emissions from buildings by 2.27 per cent compared to the previous year.
- LFC achieved its target of an average Display Energy Certificate (DEC) rating of a C across all sites, with an average of 79 per cent of sites with a rating of C or above.
- LFC has recently approved the electrical infrastructure project to increase the electrical capacity at fire stations, with approval received for the first phase of 30 stations (which will then be followed by a second phase of a further 25 stations). GLA Green Finance Funding has been

applied for this project. This will enable the carbon net zero work streams to de-carbonise the property and fleet operations of LFC. The increased electrical capacity will enable future projects to move away from gas and replace this fuel with electrically powered heating and cooking equipment. It will additionally provide the electrical infrastructure to electrify the future fleet and provide high speed charging facilities for LFC appliances. There is £22.4m in total as part of the revised Capital Strategy from 2024-25.

- Air travel increased compared to last year, domestic travel continues to account for the lowest number of flights as it is the most likely area that would readily be replaced by virtual meetings.

Air Travel	2019/20	2020/21	2021/22	2022/23	2023/24
Miles Travelled	167,541	5,304	184,420	39,268	150,578
CO ₂ from Air Travel (t)	46	0.9	22.28	4.94	35.88

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

Behaviour change/ Enabling Actions

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

Green tariffs

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

Climate Adaptation

- An initial flood risk assessment on all LFC buildings has been conducted by the LFC's Business Resilience Department identifying 17 possible high-risk sites and 15 possible medium risk sites. Further investigation work is being conducted. The LFC are working with the London Anchors Institute to identify high level heat mapping.

Summary of measures included in the 2025-26 climate budget

Uncertainties around the climate budget include the requirements to increase the electrical capacity at all fire stations to manage the move away from carbon emissions and the availability from electrical distribution network operators.

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

Buildings

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

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

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

3 sites have been identified for new ASHP to replace gas boilers; this has been costed into the Estate Capital Investment Programme (ECIP). The ECIP plan also contains provision for a further installation of 4 Solar PV arrays. However, this project may be delayed as the entire Solar PV across the entire estate requires a systemic study to understand the options as laid out in the LFB Carbon and Net Zero Strategy. The potential increase in production is identified as 4 times and this requires detailed investigation.

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

- Window replacement
- Appliance bay doors
- Roof replacement

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

Fleet

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

Potential funding gap

LFB has a budget shortfall in excess of £200m in order to fully deliver Carbon Net-Zero by 2030; estimates of costs are dependent on a range of factors including future market developments and technical requirements for fleet. LFB continues to explore all possible government funding opportunities and partnerships with third party suppliers. LFB have been successful in obtaining Salix Public Sector Decarbonisation Scheme (PSDS) funding (via the Department for Energy Security & Net Zero) on two occasions and continue to apply in all further rounds of funding including the recent PSDS 4. Our fleet team also continue to explore all grant and funding opportunities with a recently successful grant offer from Advanced propulsion centre, a government organisation. The grant funding is a collaboration between UK research and innovation, Emergency one and Equipmake to produce a bi-directional battery powered fire appliance.

The likelihood of being able to deliver the measures in table B remains unclear, LFB have appointed an external consultant to provide a timeline of funding requirements against the most likely funding stream, using 3 options. The 3 options will provide the most likely date to achieve net zero across the next years;

- No additional funding and only using the Estates Capital Investment Plan and Salix PSDS current funding stream.
- An increased level of funding where additional funding is received to facilitate net zero sooner.
- All the funding required is received to meet the 2030 target.

The outcome of this new strategy and the three options will provide the scale of emissions in 2030.

LFB currently uses a Renewable Energy Guarantees of Origin (REGO) electrical purchasing system and intends to join the GLA Power Purchasing Agreement via the Crown Commercial Service once this initiative has been adopted.

Future - project pipeline - process of identifying funding options.

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

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

Principle 1: Opening the infrastructure

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

Principle 2: Premises decarbonisation

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

Principle 3: 100% renewable energy

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

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

Principle 4: Carbon Offsetting and alternative fuels

Despite the ambitious activities proposed, there will remain residual emissions that will need to be offset to meet net zero by 2030. It is estimated that there will be around 1,000 tonnes each year CO₂e of residual emissions that will need to be offset each year. The residual emissions will be made up of transportation that does not have an adequate electric alternative (including river boats), and from fuel needed in generators, to be used as resilience. However, the sector remains in its infancy and as a result, costs and quality of offsets are extremely variable at this stage. Moreover, in terms of emissions, offsetting does not reduce LFC's reported core Scope 1 or 2 emissions and does not reduce tailpipe emissions from vehicles. Circa 4,286 tonnes are anticipated to need to be offset. The use of alternative fuels would be deployed in the form of a "drop in" biofuels that have the potential to replace existing diesel use. The LFC's current infrastructure, existing vehicle specification and maintenance risks dictate that the only drop in biofuel that can be considered is Hydrotreated Vegetable Oil (HVO). Running existing vehicles on HVO is a "steppingstone" carbon reduction solution for LFC whilst it continues to operate existing diesel vehicles. It is an accepted operational fuel for the manufacturers of most modern diesels, including those currently owned by LFC. For fueling these vehicles HVO and diesel can be mixed in any percentage composition in the fueling station storage tanks and the vehicle fuel tanks themselves.

Principle 5: Moving to a Zero Emission Fleet

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

In 2030, 232 operational vehicles (including 113 heavy specialist appliances) will be Zero Emission, representing 63% of the LFC owned fleet (366 vehicles in total). In consideration that 37% of the fleet will still be diesel in 2030, the use of biofuels represents a potential steppingstone to meet Net Zero Carbon targets – this is addressed further under Principle 4. After 2030 efforts will continue to electrify the remainder of the fleet, responsible for the remaining 1,464 Tonnes (CO₂te). Government legislation on diesel vehicle obsolescence and decarbonisation means that replacing diesel vehicles and achieving net zero are issues that are inextricably linked. LFC has led the Fire and Rescue sector in the UK with the development of the Zero Emission Pumping Appliance (ZEPA) Project. The learning from the ZEPA Project and the associated analysis gives a clear and highly valuable point of reference to inform and support the broader work required to achieve a zero-emission fleet. The £7m project cost for ZEPA 2 spending was agreed via the original paper (LFC 0034). The decision is based on the Corporate Management Board report and LES consultation (CMB098/17) and agreed in principle to work to establish a corporate project aimed at delivering a prototype low emission heavy vehicle to support delivery of the Mayors carbon reduction commitments. Heavy frontline vehicles have a complex and extensive power requirement which in turn presents additional technical challenges and action is required to ensure suitable vehicles are available in time for the next wave of fleet replacements, scheduled for 2029. Following evaluation of the first trial vehicle, LFB will assess moving forward to ZEPA 2 which is 10 vehicles for evaluation as an operational trial. After some technical challenges to date (given this is an innovation), ZEPA 1 is now being delivered to Hammersmith fire station and will commence a 2-year trial, followed by ZEPA 2 which is 10 zero emission vehicles. At this stage it remains difficult to estimate future costs and schedules for fleet decarbonisation given there is currently not a mass-market tested solution for such specialist vehicles.

Principle 6: Smart energy usage

Carbon Impact training will be implemented across the LFC, focusing on climate science, how climate change

is impacting the LFC - both now and in future - and the actions that can be taken to minimise the impact on the environment. The BMS (Building management System), which is already in place across all stations, will be optimised to bring a new energy saving strategy into place across fire stations. This will ensure that the plant operates efficiently, and breakdowns and alarms are dealt with swiftly. The energy portal, which can be accessed on any LFC workstation, will show the present energy data use for every fire station. This will encourage energy saving by providing live data about each fire station's energy usage, comparing this to year on year will give an indication of improvement. The LFC will continue to be involved in the National Energy Saving Competition, encouraging stations to implement best practice and reduce their energy consumption.

Level one emissions (Scope 1 and 2)

Table A measures are included with this report

Table B measures are included with this report

Level three emissions (Scope 3)

Table C measures

These measures do not completely apply to LFB as the entire estate and fleet is managed by LFB and therefore represents direct emissions. LFB does not operationally use public charging, however this is used by staff for private journey and could be considered as commuting to and from work. It is LFB's understanding that this should not be considered.

Adaptation measures by London as a community will likely result in increased mobilisation callouts where LFB will be responsible to extinguish wildfires and pump out flooding events. Presently these events are contained to operational response and not included within the LFB carbon budget.

Funded Commitments

ID - 1	Climate Action Area	Climate Action	Description	Funding source	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes	Year emissions savings start	Average annual CO2e savings to 2030, tonnes	Co-benefits
LFB A.1	Building retrofit 30 gas Cookers	Reduce scope 1 GHG emission	Replace 30 gas powered. cookers with Electric	LFC	2025-26	2025-26	9,998	2025-26	399	CO improvement
LFB A.3	Building retrofit -SPV	Energy reduction	Instal 4 Solar PV arrays.	LFC			465	2025-26	31	reduce energy usage
LFB A.4	Building retrofit windows	Energy reduction	Window replacement.	LFC			450	2025-26	18	Capital improvement plan
LFB A.6	Buildings retrofit	Energy reduction	Appliance bay doors.	LFC			46	2025-26	10	Capital improvement plan
LFB A.7	Building retrofit windows	Energy reduction	Window replacement.	LFC			325	2025-26	15	Capital improvement plan
LFB A.8	Building retrofit roofing	Energy reduction	Roof replacement.	LFC			1,000	2025-26	40	Capital improvement plan
LFB A.10	Building retrofit - salix funding	HD	HDP at 9 buildings salix funding. project	LFC/Salix			24,795	2026-27	1,236	Plant lifetime
LFB A.11	Building retrofit Salix funding	HD	HDP at 5 buildings salix funding project.	LFC/Salix			10,857	2025-26	543	Plant lifetime
LFB A.12	Current Asset Replacement Programme	Tailpipe emission reduction	Replacement of 10 cars. Driver Training / Commisioner/ SOG	LFC			325	2025-26	65	Electric Cars
LFB A.13	Carbon impact training	Carbon impact training	LFB staff- to have carbon literacy training for awareness and	LFC			Enabler	2026-27	Enabler	
LFB A.14	Building Salix funding	HDP	HDP submission ONLY at 10 buildings Salix funded project	LFC/Salix			Enabler	2027-28	Enabler	
LFB A.14	Infrastructure	Opening the infrastructure	upgrading of electrical supply capacity at stations 55 in phase one to provide additional EV charging and CNZ power requirements.	LFC/GFF			Enabler	Enabler	Enabler	Enables all CNZ projects to progress at 55 sites including fleet vehicle replacements
LFB A.-15	Fleet distribution	Reduced tailpipe emissions	OSU/LRL replacements x 2 trucks	LFC			120	2025-26	10	Electric powered HGV delivery vehicle

ID - 1	Total Exp. 25-26 £'000	Total Exp. 26-27 £'000	Total Exp. 27-28 £'000	Capital/Revenue/Mixed	Total cash savings 25-26 £'000	Total cash savings 26-27 £'000	Total cash savings 27-28 £'000	Comments
LFB A.1	310	0	0	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.3	120	0	0	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.4	265	0	0	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.6	0	0	0	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.7	658	0	0	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.8	1062	0	0	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.10	5199	2100	3099	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.11	4337	0	0	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.12	450	0	0	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.13				Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.14	50	0	0	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.14	5400	8500	8500	Capital	None	None	None	Due to the cost of Gas per kWh compared to electricity per kWh no saving and in fact increased cost
LFB A.-15	460	0		Capital	None	None	None	

Unfunded Commitments

ID - 1	Climate Action Area	Climate Action	Description	Funding Source	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes or Enabler Measure	Year emissions savings start	Average annual CO2e savings to 2030, tonnes	Co-benefits	Proposed Exp. 25-26 £'000	Proposed Exp. 26-27 £'000	Proposed Exp. 27-28 £'000
LFB B.01	Infrastructure	Electrical supply upgrade	Increase electrical capacity all 47 buildings.	GFF	2026	2034	Enabler	Enabler	- none		0	6800	6800
LFB B.02	Buildings	Removing gas dependency	Replace Gas powered boilers. at 86 fire stations	UKG/LFC	2025	2032	175,000	2028	7,000	none	0	15833	15833
LFB B.03	Buildings	Removing gas dependency	Replace gas powered appliance bay heaters at 86 stations.	UKG/LFC	2025	2030	as above in conjunction with building de-carbonisation	2028	as above in conjunction with building de-carbonisation	none	as above in conjunction with building de-carbonisation	as above in conjunction with building de-carbonisation	as above in conjunction with building de-carbonisation
LFB B.04	Buildings	Renewable generation	Increase the solar PPV arrays.	UKG/LFC	2026	2030	Enabler		8,575	none	50	0	0
LFB B.05	Buildings	Remove gas dependency	Replace gas cooking equipment.	UKG/LFC	2025	2030	as above in conjunction with building de-carbonisation	2028	as above	none	as above in conjunction with building de-carbonisation	as above in conjunction with building de-carbonisation	as above in conjunction with building de-carbonisation
LFB B.07	Fleet	Smart Energy Use	Telematics fitted to vehicles.	LFC			Enabler		Enabler	none			
LFB B.08	Fleet	Asset Replacement Programme	Replacement of OSUs.	LFC	2026	2027	200	2027	83 zero tailpipe emissions		0	3200	0
LFB B.09	Fleet	EV Asset Replacement Programme	Replacement of the hybrid SOG cars.	LFC	2026	2027	70	2027	14 zero tailpipe emissions		0	350	0
LFB B.10	Fleet	EV Asset Replacement Programme	Replacement of the 6 hybrid commissioner cars.	LFC	2027	2028	140	2028	28 zero tailpipe emissions				
LFB B.11	Fleet	EV Asset Replacement Programme	Replacement of 11 vans.	LFC	2025	2026	406	2026	58 zero tailpipe emissions		0	600	0
LFB B.12	Fleet	Charging Infrastructure	Install of low power chargepoints.	LFC	TBC	TBC	Enabler		Enabler	Provides charging infrastructure	TBC	TBC	TBC
LFB B.13	Fleet	EV Asset Replacement Programme	Replacement of 29 vans.	LFC	2027	2028	1,071	2028	153 zero tailpipe emissions		0	0	1100
LFB B.14	Fleet	EV Asset Replacement Programme	Replacement of 5 x Hose Layer Units.		2027	2028	588	2028	49 zero tailpipe emissions		0	0	2250
LFB B.15	Fleet	EV Asset Replacement Programme	Replacement of 1 Cold Cut Vehicle.	LFC	2028	2029	70	2030	10 zero tailpipe emissions		0	0	0
LFB B.19	Fleet	EV Asset Replacement Programme	Replacement of 18 vans.				658		94	none			
LFB B.21	Fleet	Charging infrastructure	BESS Assessment of the requirements to charge future fleet based on upgraded grid connection, combined with BESS	LFC	2027	2032	Enabler		Enabler	Provides CNZ power resilience to property	0	0	12500

ID - 1	Proposed Exp. 2028-29 to 2030-2031 (incl.) £'000	Total Proposed NZ Expenditure £'000	Capital/ Revenue/ Mixed	Proposed cash savings 25-26 £'000	Proposed cash savings 26-27 £'000	Proposed cash savings 27-28 £'000	Proposed cash savings 2028-29 to end 2030-2031 £'000	Total Proposed NZ cash savings £'000	Grant and/or Debt funding?	Readiness	Comments
LFB B.01	12600	26200	Capital	TBC	TBC	TBC	TBC	0	Debt	More than three years	Governance programmed for post 2028
LFB B.02		47499								More than three years	No cash savings as gas is five times the cost of electricity. The alternative fuel
LFB B.03	15833		Capital	none	none	none	none	none	Debt & grant	One to three years	No cash savings as gas is five times the cost of electricity. The alternative fuel
	as above in conjunction with building de-carbonisation	0						0		Immediate	Assesment of existing solar PV estate and management
LFB B.04	0	50						0		One to three years	No cash savings as gas is five times the cost of electricity. The alternative fuel
LFB B.05	as above in conjunction with building de-carbonisation	0						0		One to three years	No cash savings as gas is five times the cost of electricity. The alternative fuel
LFB B.07		0						0		One to three years	No cash savings as gas is five times the cost of electricity. The alternative
LFB B.08										One to three years	part of LFC ARP process
		3200	Capital	none	none	none	none	0	ARP	One to three years	part of LFC ARP process
LFB B.09	0	350	Capital	none	none	none	none	0	ARP	One to three years	part of LFC ARP process
LFB B.10		0						0	ARP	One to three years	
LFB B.11	0	600	Capital	none	none	none	none	0	ARP	One to three years	
LFB B.12										One to three years	
	TBC	560	Capital	none	none	none	none	0		One to three years	part of LFC ARP process
LFB B.13	0	1100	Capital	none	none	none	none	0	ARP	One to three years	part of LFC ARP process
LFB B.14	0	2250	Capital	none	none	none	none	0	ARP	One to three years	part of LFC ARP process
LFB B.15	225	225	Capital	none	none	none	none	0	ARP	One to three years	part of LFC ARP process
LFB B.19		0						0			
LFB B.21										More than three years	Required to allow charging of fleet to respond to national resilience and emergency
	12500	25000	Capital	none	none	none	none	0	ARP		

ID - 1	Climate Action Area	Climate Action	Description	Funding Source	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes or Enabler Measure	Year emissions savings start	Average annual CO2e savings to 2030, tonnes	Co-benefits	Proposed Exp. 25-26 £'000	Proposed Exp. 26-27 £'000	Proposed Exp. 27-28 £'000
			charge future fleet based on upgraded grid connection, combined with BESS	LFC	2027	2032				power resilience to property	0	0	12500
LFB B.22	Infrastructure	Opening the infrastructure	upgrading of electrical supply capacity at stations 47 in phase two to provide additional EV charging and CNZ power requirements.	LFC GFF	2028	2032	Enabler		This project completes the second phase as per the first part in Table A	none	0	0	
LFB B.25	Fleet	EV Asset Replacement Programme	Replacement of 53 Dual Pump Ladders (DPL) - Year 1.	LFC	2028	2029	6,336	2029	528	zero tailpipe emissions	0	0	34450
LFB B.26	Fleet	EV Asset Replacement Programme	Replacement of 41 DPLs - Year 2.	LFC	2029	2030	4,896	2030	408	zero tailpipe emissions	0	0	
LFB B.28	Fleet	EV Asset Replacement Programme	Replacement of 52 DPLs - Year 3.	LFC	2030	2031	6,216	2032	528	zero tailpipe emissions	0	0	
LFB B.29	Fleet	EV Asset Replacement Programme	Replacement of 42 DPLs - Year 4.	LFC	2031	2032	5,016	2033	418	zero tailpipe emissions	0	0	
LFB B.30	Fleet	EV Asset Replacement Programme	Replacement of 1 All Wheel Drive (AWD).	LFC			70		10	none	0	0	
LFB B.31	Fleet	EV Asset Replacement Programme	Replacement of 1 Detect, Identify and Monitor vehicle.	LFC			70		10	none			
LFB B.33	Fleet	EV Asset Replacement Programme	Replacement of 18 Fire Rescue Units (FRU).	LFC	2030	2031	2,148	2032	179	none			
LFB B.38	Fleet	EV Asset Replacement Programme	Replacement of 9 Command Support Units (CSU).	LFC			1,068		89	none			
LFB B.39	Fleet	EV Asset Replacement Programme	Replacement of 3 Operational Support Units (OSU).	LFC	2030	2031	360	2032	30	zero tailpipe emissions	0	0	0
LFB B.40	Fleet	EV Asset Replacement Programme	Replacement of 5 Heavy Distribution Units (HDU).	LFC			600		50	none			
LFB B.43	Fleet	EV Asset Replacement Programme	Replacement of 12 32m Turntable Ladders (TL).	LFC	2035	2037	1,785	2038	119	none	0	0	12000
LFB B.44	Fleet	EV Asset Replacement Programme	Replacement of 3 64m TLs.	LFC	2035	2037	450	2038	30	none	0	0	3600
LFB B.48	Infrastructure	EV charging infrastructure	Charging infrastructure and vehicle chargepoints	LFC	2025	2030	Enabler	NA	Enabler	FB usage	3000	3000	3000
LFB B.49	Renewables	Renewable generation	Increase the solar PPV arrays.	LFC/GFF	2028	2030	1,030	2028	515	none	0	500	1950

ID - 1	Proposed Exp. 2028-29 to 2030-2031 (incl.) £'000	Total Proposed NZ Expenditure £'000	Capital/ Revenue/ Mixed	Proposed cash savings 25-26 £'000	Proposed cash savings 26-27 £'000	Proposed cash savings 27-28 £'000	Proposed cash savings 2028-29 to end 2030-2031 £'000	Total Proposed NZ cash savings £'000	Grant and/or Debt funding?	Readiness	Comments
											emergency
LFB B.22	12500	25000	Capital	none	none	none	none	0	ARP	More than three years	
LFB B.25	25000	25000	Capital	none	none	none	none	0	Debt	More than three years	second part of upgrading the infrastructure
LFB B.26	0	34450	Capital	none	none	none	none	0	ARP partially funded sho	More than three years	Subject to availability of vehicle chasis and ZEPa trial
LFB B.28	26650	26650	Capital	none				0		More than three years	Subject to availability of vehicle chasis and ZEPa trial
LFB B.29	33800	33800	Capital	none				0		More than three years	Subject to availability of vehicle chasis and ZEPa trial
LFB B.30	27300	27300	Capital	none				0		More than three years	Subject to availability of vehicle chasis and ZEPa trial
LFB B.31		0						0			
LFB B.33	11700	11700	Capital	none	none	none	none	0	ARP and National resilience funding	More than three years	Subject to availability of vehicle chasis and ZEPa trial
LFB B.38		0						0			
LFB B.39	1050	1050	Capital	none	none	none	none	0	ARP partially funded shortfall	One to three years	
LFB B.40		0						0			
LFB B.43		12000	Capital	none	none	none	none	0	ARP and LFC shortfall	More than three years	Vehicle not currently available on market place
LFB B.44		3600						0	ARP and LFC shortfall	More than three years	Vehicle not currently available on market place
LFB B.48	3000	12000	Capital	none	none	none	none	0	Debt	One to three year	Cost savings against public charging infrastructure likely however at this point known and can not be calculated as DNO cost unknown
LFB B.49	12000	14450	Capital	TBC	TBC	TBC	TBC	0	Debt	One to three year of current SPV	This requires funding and assesment

Appendix 12
Draft Letter to Fire Committee

Hina Bokhari AM
Chair, Fire Committee

City Hall,
The Queens Walk
London
SE1 2AA

Dear Chair,

LFC Reserves Strategy and Medium-Term Financial Strategy

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

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

As part of the 2025-26 budget process a Reserves Strategy and Medium-Term Financial Strategy (incorporating efficiency plan requirement) have been prepared to support decision making and the ultimate approval of the 2025-26 Budget for the LFC.

Draft versions of these documents are included in the Budget Submission to the Mayor, provided to meet the 22 November 2024 deadline. A copy of that submission is attached to this letter.

I would be grateful if the Fire Committee could review and consider these two documents and provide any comments so that these can be considered as part of finalising the LFC Budget for 2025-26.

Yours sincerely

Andy Roe
London Fire Commissioner

Appendix 13
Budget Submission to the Mayor

Table 1: LFC – Subjective analysis

Subjective analysis	Forecast Outturn	Revised Budget	Budget	Change	Plan	Plan
	2024-25	2024-25	2025-26	24-25 to 25-26	2026-27	2027-28
	£m	£m	£m	£m	£m	£m
Staff costs	494.5	477.8	502.9	25.1	510.2	520.9
Premises costs	48.4	48.8	50.9	2.1	53.8	57.3
Transport costs	20.2	19.7	19.6	-0.1	20.2	20.8
Supplies and services	40.2	40.6	35.1	-5.5	40.9	39.0
Third party payments	1.5	1.3	1.7	0.4	1.7	1.7
Capital Financing costs	16.2	16.0	21.1	5.1	24.5	29.5
Savings Review - Cross Cutting			-9.6	-9.6	-9.6	-9.6
Savings yet to be identified			-18.0	-18.0	-31.7	-29.5
Total gross expenditure	621.0	604.2	603.7	-0.5	610.0	630.1
Sales, fees, charges and recharges	-51.3	-50.1	-51.7	-1.6	-53.2	-54.7
Specific grants	-31.7	-29.3	-26.0	3.3	-25.8	-25.8
Interest receivable	-3.7	-1.6	-1.0	0.6	-1.0	-1.0
Total gross income	-86.7	-81.0	-78.7	2.3	-80.0	-81.5
Net expenditure	534.3	523.2	525.0	1.8	530.0	548.6

Table 2: LFC – Draft Capital plan

LFC - Draft capital plan	Forecast Outturn	Budget	Plan	Plan	Plan
	2024-25	2025-26	2026-27	2027-28	2028-29
	£m	£m	£m	£m	£m
Expenditure					
IT projects	3.6	8.2	10.1	5.5	1.7
Major refurbishments	5.4	18.4	46.0	52.0	8.4
New developments	2.2	0.0	0.0	0.0	0.0
Minor works	9.6	14.1	0.4	0.1	0.0
Sustainability works	9.4	10.9	6.8	6.9	4.2
Appliance Bay doors	2.0	0.9	0.1	0.0	0.0
Fire Brigade fleet re-procurement	2.3	0.9	4.2	3.0	9.7
Operational Equipment	1.0	0.0	0.0	0.0	0.0
Communications	0.1	0.3	0.3	0.0	0.0
Total expenditure	35.6	53.7	67.9	67.5	24.0
Capital receipts	0.0	0.0	0.0	0.0	0.0
Capital Grants & Third Party Contributions	2.5	2.1	0.0	0.0	0.0
Revenue Contributions	0.5	0.0	0.0	0.0	0.0
Borrowing	32.6	51.6	67.9	67.5	24.0
Total funding	35.6	53.7	67.9	67.5	24.0

Table 3: LFC – Capital financing costs

LFC – Capital financing costs	Forecast Outturn 2024-25 £m	Budget 2025-26 £m	Plan 2026-27 £m	Plan 2027-28 £m	Plan 2028-29 £m
Provision for repayment of debt	14.0	17.6	19.4	23.0	24.9
External interest cost	2.2	3.5	5.1	6.5	8.2
Total	16.2	21.1	24.5	29.5	33.1

Table 4: LFC Borrowing limits

LFC - Borrowing limits	Current Approval 2024-25 £m	Revised Approval 2024-25 £m	Proposed 2025-26 £m	Proposed 2026-27 £m	Proposed 2027-28 £m	Proposed 2028-29 £m
Authorised Limit						
Borrowing	175.0	175.0	175.0	175.0	175.0	175.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0	70.0
LFC Total	245.0	245.0	245.0	245.0	245.0	245.0
Operational limit						
Borrowing	170.0	170.0	170.0	170.0	170.0	170.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0	70.0
LFC Total	240.0	240.0	240.0	240.0	240.0	240.0

Table 5: LFC – Objective Analysis

Objective analysis	Forecast 2024-25 £m	Revised budget 2024-25 £m	Budget 2025-26 £m	Change 24-25 to 25-26 £m	Plan 2026-27 £m	Plan 2027-28 £m
Corporate Services	81.1	72.0	84.4	12.4	85.7	89.1
Preparedness and Response	382.8	375.6	388.5	12.9	397.2	404.6
People	12.6	11.1	10.6	-0.5	10.4	10.5
Transformation	5.5	5.4	4.0	-1.4	5.0	4.5
Prevention, Protection and Policy	36.4	40.5	41.3	0.8	45.1	45.8
Communications	3.5	4.2	3.7	-0.5	4.4	4.7
Savings Review - Cross Cutting			-9.6	-9.6	-9.6	-9.6
Savings yet to be identified			-18.0	-18.0	-31.7	-29.5
Net service expenditure	521.8	508.7	504.9	23.8	506.5	520.1
Capital financing costs	16.2	16.0	21.1	5.1	24.5	29.5
Interest receivable	-3.7	-1.6	-1.0	0.6	-1.0	-1.0
Net expenditure	534.3	523.2	525.0	29.4	530.0	548.6
Transfer to/(from) reserves	-39.3	-28.1	-13.5	14.6	0.6	0.7
Financing requirement	495.1	495.1	511.5	44.0	530.6	549.3
Unringfenced government grants	0.0	0.0	0.0	0.0	0.0	0.0
Retained business rates	283.7	283.7	287.4	3.7	293.1	298.4
Council tax collection fund surplus / (deficit)	0.0	0.0	0.0	0.0	0.0	0.0
Council tax requirement	211.4	211.4	224.1	40.4	237.5	250.9

Table 6: Provision for inflation of £21.2 million

Inflation for 2025-26	Pay 2025-26 £m	Non Pay 2025-26 £m	Total 2025-26 £m
LFC	8.4	12.8	21.2