

Extension of Market Rate Supplement and Abatement Subsidy for Technically Qualified Protection Staff

Report to:

Investment & Finance Board.....
Commissioner's Board.....
Deputy Mayor's Fire Board.....
London Fire Commissioner

Date:

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Report by:

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Authorising Head of Service:

Report classification:

For decision

For publication

Values met

Service
Integrity
Teamwork
Equity
Courage

PART ONE

Non-confidential facts and advice to the decision-maker

Executive Summary

The Market Rate Supplement (MRS) and abatement subsidy (AS), introduced in November and December 2023, have been key tools in addressing severe recruitment and retention challenges within London Fire Brigade's (LFB's) Protection function. The MRS has enabled LFB to retain experienced, technically qualified staff and attract new talent, while the AS has allowed us to bring back skilled retirees without financial implications. They are due to expire in March 2026.

This report recommends extending the MRS and AS for an additional three years (April 2026 – March 2029), to sustain the gains made and mitigate the ongoing risks posed by a highly competitive recruitment market. The extension is affordable within existing financial trends, including continued salary underspends and availability of protection-specific government funding.

Access to funding streams, detailed below, is particularly critical at this time due to delays in the FRS pay and grading review. LFC is considering undertaking a pay and grading review in 2026/27. Although this review is at the infancy stage, it is anticipated that it will seek to address the issues highlighted within this report, with a view to considering the Market Supplement Payment, as part of this review. Discussions with central government on changes to pension legislation to address the abatement issues are ongoing. This delay has created uncertainty in workforce planning and retention, especially for specialist roles where market pressures are most acute. The proposed extension will provide essential continuity and stability during this interim period, with the intention that the MRS be incorporated into any new pay and reward arrangements following the completion of the review.

A decision to discontinue these supplements risks reversing progress, negatively impacting Protection delivery and LFB's ability to meet critical statutory and regulatory responsibilities.

Recommended decisions

For the London Fire Commissioner

1. The London Fire Commissioner commits revenue expenditure of up to £1,920,000 which is on average £640,000 per annum across financial years 2026/27 (£580,000), 2027/28 (£638,000) and 2028/29 (£702,000), for the purposes of the payment of a Market Rate Supplement (MRS) for specific Protection staff in the London Fire Brigade's (LFB's) Prevention and Protection department with accredited technical qualifications – Fire Safety Level 4 certificate (5% MRS) Fire Safety Level 4 Diploma (10% MRS) and their (technically skilled/experienced) managers and
2. To commit further revenue expenditure of £1,200,000 to cover the cost of abatement across financial years 2026/27, 2027/28 and 2028/29 for a limited number of skilled staff within the Prevention and Protection Department.
3. The London Fire Commissioner agrees that £3,120,000 be allocated from the Prevention and Protection budget - salary underspend and remaining £300,000 from ringfenced funds from 2022/23 budget. for the purpose of expenditure on a MRS payment and AS, as detailed above.

1 Introduction and background

The case for extending the Market Rate Supplement (MRS) and abatement subsidy (AS) is underpinned by national and organisational drivers arising from The Grenfell Tower Inquiry (GTI) and His Majesty's Inspectorate of Constabulary and Fire Rescue Services (HMICFRS) inspections calling for demonstrable improvements in the competence, and capacity of Fire and Rescue Services (FRS's) in their regulatory role. The GTI has made clear that fire engineering expertise and high-quality fire safety inspections are essential for safeguarding high-risk premises and preventing future tragedies.

HMICFRS has consistently identified Protection as a key area for improvement across the fire and rescue sector. In our most recent inspection HMICFRS concluded that *"the service still doesn't have enough qualified and competent staff to meet the requirements of its risk-based inspection programme"* and urged sustained action to improve technical capacity and resilience.

Sustained investment in skilled technical staff particularly fire safety inspecting officers and fire engineers is critical to delivering on the LFB's drive for improvement, meeting enhanced regulatory expectations under the Building Safety Act, and maintaining public confidence in LFB's ability to protect Londoners. The MRS and AS are vital enablers in this strategic context.

Following a significant loss of technically qualified staff in the two years prior to 2023, LFB introduced a Market Rate Supplement and an abatement subsidy in November 2023. These initiatives were to be funded from:

- Salary underspends due to operational vacancy gaps
- £1.34 million ring-fenced in Q4 2022/23 (approx. £300,000 remains unspent - £800,000 was given up to savings in 2024/2025 financial year)

The spend for the initial three-year period (March 2023–March 2026) was estimated at £1.3 million, covering approximately 100 staff (MRS)/12-15 Staff (AS) and growing by approximately 30 members of staff per year with an attrition rate of 10 to 15 people per year through retirement and resignation. Despite improvements, the recruitment market remains highly competitive. Employers across the public and private sectors, including the Building Safety Regulator (BSR), continue to offer significantly higher salaries for qualified and/or experienced fire safety professionals - including fire engineers, fire safety advisors, managers and inspecting officers.

The following trends support the case for continuation:

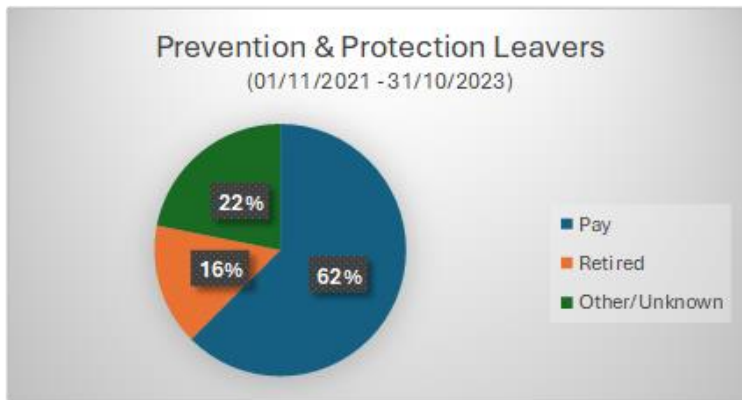
- Salary differentials persist between LFB and other employers.
- BSR duties are being absorbed by FRSS, increasing pressure on limited qualified staff.
- The London Local Remediation Action Plan, announced by the Deputy Prime Minister, requires further Protection capacity.
- The pace of building safety reform means a sustained demand for experienced fire safety professionals.

2 Objectives and expected outcomes

The MRS and AS offer benefits to individual staff members and LFB more broadly. Competitive pay via the MRS helps bridge salary gaps with external roles, while the abatement subsidy removes financial disincentives for retired operational staff to return. Increased job satisfaction and security for technically skilled staff is also a likely benefit.

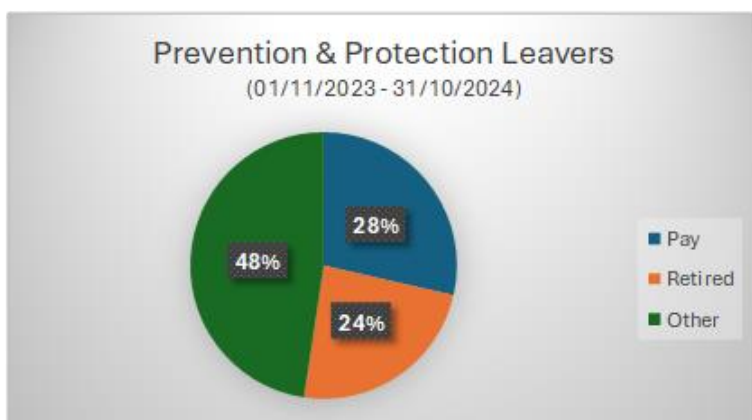
Organisational benefits include improved retention and reduced attrition of skilled staff and potentially faster onboarding of experienced professionals into high-risk inspection roles. The organisation has also benefited from increased delivery capacity for statutory duties, BSR MDTs, and remediation oversight as well as greater continuity, knowledge retention, and mentoring for newer staff.

DATA TABLE: Retention trends since MRS implementation



Data based on eligible staff groups within Prevention & Protection.

Figures obtained from LFB data team.



Current industry vacancies

There remains a longstanding and acute shortage of technical fire safety professionals in the sector. There is high demand for inspecting officers, skilled experienced managers and fire engineers; this is reflected in the salaries available in the private and public sectors. The salary gap remains significant enough to remain a concern. See examples below:

Fire engineer – London up to £95,000

<https://www.totaljobs.com/job/fire-engineer/london/liquid-recruitment-ltd-job104848919>

Fire safety engineer – London £55,000 - £100,000

<https://uk.indeed.com/jobs?q=fire+safety+engineer&l=london&radius=25&from=searchOnDesktopSerp%2Cwhatautocomplete&vjk=d0868dc7428c25bb&advn=3728917510549725>

Lead Building Safety Manager (equivalent to LFB Team leader – London £67,275

<https://uk.indeed.com/q-fire-safety-manager-l-london-jobs.html?vjk=6a96d82a2ef0c5ef&advn=5374911693698383>

Strategic Fire safety lead (equivalent to LFB Area Fire Safety Manager) – London £100,000 - £130,000

<https://www.careerjet.co.uk/jobad/gb892c96c28d0e63f417446af33d145996>

Abatement: 13 members of staff have accessed the Abatement Subsidy since 1st December 2023. The majority have increased their hours to full time working (35hrs per week).

Abatement

Evolving Employment Landscape

Private sector and local authorities now routinely cover the cost of professional qualifications and training, making them more attractive employers for retired fire professionals. This has intensified competition for experienced personnel, particularly those with specialist protection and engineering skills. The pay gap also remains a national FRS issue – staff are free to go to other FRSs without the burden of abatement.

Strategic Benefits of Rehiring Retired Staff

The reduced training burden linked with bringing back existing technical staff significantly reduces the need for foundational training. We have also introduced a new training provider resulting in a shortened time to reach operational competence. Pairing this with experienced returnees accelerates workforce readiness even further.

In addition, the majority of returnees possess valuable leadership and supervisory experience, enabling them to mentor junior staff and support complex decision-making processes. These individuals understand LFB's systems, culture, and risk landscape, which enhances operational effectiveness and reduces onboarding friction.

Operational and Safety Implications

The inability to offer competitive post-retirement packages continues to limit LFB's capacity to meet the ambitions of the Building Safety Regulator, particularly in high-risk building inspections and fire safety enforcement.

Without intervention, LFB risks losing out on a critical pool of talent at a time when demand for technical fire safety expertise is increasing.

The Abatement subsidy is a strategic investment in public safety, workforce resilience, and regulatory compliance. We will continue to monitor and evaluate the impact of this approach to inform future workforce planning.

Risks of not extending the support

Competition in the market for skilled staff continues to grow and remains unpredictable – salaries for managers are particularly high. Without MRS, staff may leave for higher-paying roles, repeating the 2021–2023 trend. Without the MRS, LFB may lose its ability to attract high-calibre candidates leading to lengthened recruitment cycles that impact delivery. Failure to maintain adequate staffing may undermine compliance with the Fire Safety Order and progress on high-risk remediation projects because of a failure to deal with enforcement notices in a timely manner, causing them to lapse and remain unactioned for periods beyond statutory deadlines. Reduced capacity may lead to criticism from our external stakeholders including Government, especially as LFB plays a key role in the London Local remediation Acceleration Plan.

Recent training, onboarding, and knowledge building efforts may be lost if staff exit the organisation at a cost. There is a clear financial route to continuing this support, building on the existing model – an over £2 million salary underspend was recorded this year and approx. £300,000 from the original 2023 Q4 allocation is still available.

Government grant funding allocated specifically for enhancing protection activity is still available - the importance of the Protection function justifies internal reprioritisation of budgets.

Cost

There are currently 159 staff receiving the MRS, this number has remained relatively constant since November 2023 but is expected to increase by 10% annually as we continue to recruit. MRS spend to date:

November 2023 to March 2024 costs.	£176,948.79
April 2024 to March 2025 costs.	£478,009.09
Total	£654,957.88
Predicted costs 2025 to 2026	£525,809.99

Forecasted Costs (2026–2029)

Based on projected staff growth of 10–12% annually, the cost of continuing the MRS and abatement subsidy will increase proportionally:

Year	Estimated Staff Count	Estimated Cost (Cumulative)
*2023-2026	130 - 160	£2,300,000 (baseline) (£1,180,767m MRS/£1,100,000m AS)
2026-2029	160 – 212	£ 3,120,000 (£1,920,000 MRS/£1,200,000 AS*)

*Abatement Subsidy

There are currently 13 members of staff in receipt of the AS. At an annual cost of approximately £400,000.

Where necessary a vacancy gap of up to ten posts will be maintained to cover the annual cost of the MRS and Abatement - £526K - along with any natural department' underspend. Where it exceeds the underspend (created by the vacancy gap and any natural underspend) the £300K that has been ringfenced from the 2022/23 budget will be used to ensure that costs do not exceed the department budget.

There is also an option to access Government Protection Uplift (PUP) funding to cover the cost of MRS. Additionally, as the recruitment for new Inspecting Officers and Fire Safety Advisors progresses, the LFC will no longer pay the MRS for staff where costs are being met by the Building Safety Regulator as these ongoing costs will be covered through government (BSR) grant funding. The NFCC has confirmed that for reimbursement through grant funding (for which a maximum charge has been set); and for charging on a 'bill back of hours' basis, they have included a 10% 'allowance' to account for salary uplifts for technical staff.

*November 2023 – March 2026

Recommendation

It is recommended that the London Fire Commissioner approve an extension of the MRS and abatement subsidy for a further three years (April 2026 – March 2029), funded through a combination of salary underspends, protection uplift funds, and existing budget flexibility.

This will ensure continuity, sustain improvements in workforce stability, and support delivery of LFB's legal and statutory responsibilities in a rapidly evolving built environment.

3 Values Comments

3.1 The London Fire Commissioner (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 LFB values which build on and do not detract from the Code of Ethics.

4 Equality Comments

- 4.1** The LFC and the Deputy Mayor for Planning, Regeneration and the Fire Service 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.
- 4.2** 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.
- 4.3** 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.
- 4.4** 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.
- 4.5** 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.
- 4.6** 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.
- 4.7** 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.

4.8 An Equality Impact Assessment has previously been completed; See LFC – 23 061y Protection Staff Retention. The EIA attached to this report noted the following Protection Staff Retention, that concluded MRS and abatement were entirely based upon role undertaken.

"There is no anticipated negative impact on any staff group within LFB. Any identified personal need i.e. caring responsibilities, neurodiversity, non-binary recognition will be discussed and supported on an individual basis, utilising LFB policy, specific group support (internal and external) and any other identified support mechanisms.

"LFB recognises that there is some disparity in relation to provision and delivery within society across many services, some born out of discriminatory practices. The Protection Staff Retention paper and the recommended uplift in pay contained within that paper, is solely based upon the role undertaken and not in relation to any characteristic."

The 'Overall Equality Impact of this policy, project, decision or activity' was scored as 'LOW'.

By removing the negative pay barrier and therefore being in the position to recruit and retain sufficient staff, data should show a reduction in work-related stresses, increase in productivity (benefitting the community), and an increase in retention."

Workforce comments

4.9 See LFC – 23 061y Protection Staff Retention.

[Protection Staff Retention](#)

Sustainability comments

4.10 As the recruitment for new Inspecting Officers and Fire Safety Advisors progresses, the LFC will no longer pay the MRS for staff where costs are being met by the Building Safety Regulator as these ongoing costs will be covered through government (BSR) grant funding. The NFCC has confirmed that for reimbursement through grant funding (for which a maximum charge has been set); and for charging on a 'bill back of hours' basis, they have included a 10% 'allowance' to account for salary uplifts for technical staff.

Procurement comments

4.11 None

Communications comments

4.12 None

5 Financial comments

5.1 This paper is seeking authorisation to continue using FRS underspends within Fire Safety to fund market rate supplements and abatement costs.

5.2 As stated in the paper, market rate supplements average around £640k per annum for the years 26/27, 27/28 and 28/29. This spend can be covered by FRS underspends.

- 5.3** Finance are currently in the process of validating the abatement spend stated in the paper and will confirm in advance of Commissioners Board.
- 5.4** A full appraisal will be done upon agreement of this paper. This expenditure will be closely monitored through 25/26, and any variance from the figures shown here will be reviewed as part of future budget processes.

6 Legal Comments

- 6.1** .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. Section 327D of the Greater London Authority Act 1999, as amended, 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.
- 6.2** 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 Planning, Regeneration and the Fire Service (the "Deputy Mayor").
- 6.3** Paragraph (b) of Part 2 of the said direction requires the Commissioner to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...". The decision to extend the Market Rate Supplement (MRS) and abatement subsidy (AS) will therefore require approval from the Deputy Mayor.
- 6.4** Section 1 of the Fire and Rescue Services Act 2004 states the Commissioner is the fire and rescue authority for Greater London. The statutory basis for the actions proposed in this report is provided by sections 7 and 5A of the Fire and Rescue Services Act 2004 ("FRSA 2004"). Section 7 (2)(a) FRSA 2004 provides the Commissioner has the power to secure the provision of personnel, services, and equipment necessary to efficiently meet all normal requirements for firefighting. Section 5A allows the Commissioner to procure personnel, services, and equipment they consider appropriate for purposes incidental or indirectly incidental to their functional purposes.

List of appendices

Appendix	Title	Open or confidential*
1	None	

Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

Is there a Part Two form: NO