



LONDON FIRE BRIGADE

Report title

2021/22 Budget

Report to

Corporate Service's Board
Commissioner's Board
London Fire Commissioner

Date

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24 March 2021

Report by

Assistant Director, Finance

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I agree the recommended decision below.

Andy Roe
London Fire Commissioner

This decision was
remotely signed on
Date 29 March 2021

Executive Summary

This report presents the London Fire Commissioner's (LFC) final draft revenue and capital budget for 2021/22 for approval.

Recommended decisions

For the London Fire Commissioner

That the London Fire Commissioner agrees that:

1. Subject to the decisions below, a 2021/22 revenue budget of £405.4m be approved, being made up of net expenditure of £363.8m with £8.3m funding from earmarked reserves and £33.3m funding from specific grants;

2. The revenue estimates, as set out in Appendices 1, 3 and 4, showing proposed savings, growth and budget movements, are approved;
3. The movements in reserves, as set out in table 6, are approved;
4. The establishment changes associated with the 2021/22 revenue budget, as set out in Appendices 1, 3 and 4, are approved;
5. The capital programme with gross expenditure in 2021/22 of £17.6m, as set out in Table 7 and confidential Appendix 7, be approved;
6. The capital strategy at Appendix 7 is approved for publication.

Introduction and Background

1. This report updates the budget proposals included in the Budget Submission to the Mayor in November 2020 (LFC-0432). It proposes a balanced budget for 2021/22 after including a draw from the Budget Flexibility Reserve (BFR) of £0.8m and £1.4m from other reserves. The proposed budget in is in line with the funding agreed for the LFC of £405.4m in the Mayor's Final Draft Consolidated Budget, reported to the meeting of the London Assembly on 25 February 2021.
2. The report also updates the Medium Term Forecast and savings and growth proposals as the estimates included in these have refined as part of concluding the budget process.
3. The Mayor's Final Draft Consolidated budget reflected the impact of the updated council tax and business rates forecasts received from the London billing authorities, as well as the impact of the final local government finance settlement. These changes resulted in a material increase to the funding levels the Mayor had previously set out and which formed the basis of the LFC's budget submission to the Mayor in November 2020. The LFC final budget therefore includes additional funding of £15.0m in 2021/22.

The Mayor's Final Draft Consolidated Budget

4. The Mayor's Final Draft Consolidated Budget was published on 17 February 2021 and was considered and agreed by the London Assembly at its plenary meeting on 25 February 2021.
5. The Mayor's Draft Consolidated Budget determines the level of precept levied by the Greater London Authority (GLA) in Londoners' Council Tax bills, which are administered by the London Boroughs and the Corporation of London. The Mayor is to increase the Band D council tax by 9.5% per cent from £332.07 to £363.66 in 2021/22. The Mayor has also assumed a 0.97% decrease in the aggregate council tax base compared to 2020/21.
6. There are two sets of Council Tax calculations because the Metropolitan Police District does not include the City of London, which has its own police service. The council tax of £363.66 can therefore be broken down to £267.13 for the Metropolitan Police plus £96.53 for non-police services. The LFC's element of this non police element would be £56.87 for a Band D property. This compares to a 2020/21 Band D rate of £55.28.
7. The Mayor's Final Draft Consolidated Budget included additional funding for the LFC of £15.0m in 2021/22, with £8.1m of this funding expected to recur in future years, after accounting for the LFC's share of the collection fund deficit. That report states that this funding will be allocated to

core expenditure, to reduce the reliance on reserves and enable a balanced budget to be planned for 2021/22 and 2022/23.

The Budget Development Process

8. The Mayor's Budget Guidance for 2021/22 for the GLA and the functional bodies was issued on 26 June 2020. In his guidance the Mayor proposed three funding scenarios for the LFC, Scenario 3 proposed funding of £391.8m in 2021/22 increasing to £403.6m in 2022/23. The Mayor subsequently confirm this level of funding in his consultation letter to the LFC on 30 October 2020, which was included in the report setting out the LFC's Budget Submission to the Mayor on 19 November 2020 (LFC-0432).
9. The November Budget Update report stated that funding from the GLA of £403.6m by 2022/23 would result in a saving requirement for the LFC of £23.5m over that period. The report went on to detail saving proposals of £8.2m and growth proposals of £4.2m over the period as well as £14.7m in budget savings by 2022/23 associated with an operational staff recruitment freeze. That report went on to explain that whilst there was a budget gap in each year, the Budget Flexibility Reserve could be used to close the budget gap in 2021/22.
10. Following the November Budget Submission report the Mayor published his Consultation Budget on 15 December 2020. The Mayor stated that "The Grenfell Tower Inquiry has both identified much-needed reforms at the London Fire Brigade, which I am determined to support, and helped expose the significant risks present in London's built environment. We have to maintain the LFB at a size commensurate to this risk" and that it was his intentions to "limit the level of savings required from our police and fire services".
11. The Mayor then published his Final Draft Consolidated Budget 2021/22 on 16 February 2021 which included additional funding in 2021/22 of £15.0m to reduce the LFC's reliance on reserves, of this £8.1m is expected to continue into 2022/23.
12. As set out in the section above the Mayor's Final Draft Consolidated Budget has now been agreed. Table 1 below sets out a summary of initial funding proposed by the Mayor in his Budget Guidance, against the revised funding now proposed. It then shows the impact in each year. This demonstrates that the Mayor is providing an additional £15.0m in funding for 2021/22.
13. The table also shows the impact of the collection fund deficit for 2020/21 with the impact of this reduction in funding spread over three years, and will be met through a £5m earmarked (In-year Savings) reserve which was established for that purpose. The deficit was originally estimated at £10m in the Mayor's Budget Guidance, with the amount due to the LFB later reduced to £5m following a proposal by the GLA to fund half of the deficit from its reserves. Based on the latest guidance, the £5m to be met by the LFC will now be phased with £1.4m in 2021/22, £1.6m in 2022/23 and the residual amount in 2023/24. The £5m has been set aside in an earmarked reserve and will be drawn down to meet the funding reductions as required. The position on the funding reductions, and the use of the reserve, will be reviewed as the position develops.

Table 1: Change in Funding Proposed by the Mayor

	2021/22 £m	2022/23 £m
Mayor's Consultation Budget		
Retained Business Rates	228.1	232.7
LFC Element of Precept	163.7	170.9
Total	391.8	403.6
Mayor's Final Consolidated Budget		
Retained Business Rates	228.1	232.7
LFC Element of Precept	171.8	180.3
Government grant for income losses	6.9	0.0
Total	406.8	413.0
Change in funding	15.0	9.4
Collection fund deficit met from earmarked reserve)	(1.4)	(1.6)
Total GLA Funding	405.4	411.4

Transformation Programme

14. In January 2020 the Commissioner published his Transformation Delivery Plan (TDP) setting out the strategy and priorities for the London Fire Brigade. The 2020/21 Budget report (LFC- 0324y-D) included an initial analysis of where costs were likely as part of this transformation, and it was estimated that there would be a cost of £3.5m in 2020/21 and an ongoing cost of £4.1m from 2021/22. A Transformation reserve was also established to support the £7.7m costs in the first two years.
15. Following the appointment of a Transformation Director the new Transformation Directorate consisting of the Grenfell Tower Inquiry team, Operational and Strategy and Risk was created. The creation of the Director for Transformation was already included in the Transformation Delivery Plan.
16. Following Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection of London Fire Brigade and the subsequent report published on 17 December 2019 the Brigade was required to develop an action plan responding to the report. HMICFRS carried out two virtual inspections in 2020. The first reviewed our progress in implementing the recommendations of the Grenfell Tower Inquiry Phase 1 report, the second looked at how we are addressing the causes for concern identified in the HMICFRS Inspection report. HMICFRS recently published their inspection findings, and they recognised the "sustained focus and effort on understanding the lessons from the fire and acting where the inquiry recommended it should".
17. Progress against the TDP is monitored at the Brigade Portfolio Board, chaired by the Director for Transformation, and reported to stakeholders. The Portfolio Board also considers all proposals for the use of the transformation reserve.

18. The ongoing transformation of the Brigade will be a key element of the LFC's Community Risk Management Plan (CRMP).

Budget Update

19. The LFC's medium term forecast (MTF) has been reviewed since it was last reported in November 2020 (LFC-0432) and is included as Appendix 1. There are a number of changes to the forecast position over the two year period from 2021/22 to 2022/23 as summarised in Table 2 below and described in more detail in the paragraphs that follow. Together these adjustments show a net reduction of £0.6m to the two year budget position.

Table 2: Changes to the Medium Term Forecast

	2021/22 £m	2022/23 £m	Total (£m)
Increased Legal and Insurance cost relating to Grenfell	0.2	0	0.2
Training Contract Reduction	(0.4)	0	(0.4)
Increased Legal Compensation Costs	0.1	0	0.1
Respiratory Protective Equipment	(0.6)	0	(0.6)
Reduction in telecoms income of £36k	0.0	0	0
Increased insurance costs	0.1	0	0.1
Additional funding for GTRIT	0.3	(0.3)	0
Defer Capital Financing cost increase	(0.5)	0.5	0
Total Changes to the Medium Term	(0.8)	0.2	(0.6)

Increased Legal and Insurance cost relating to Grenfell

20. There is an additional £0.2m required in 2021/22 to support the increased legal costs relating to the Grenfell Tower Investigation. These costs are not covered by the insurance and therefore will increase the budget requirement for the LFB.

Training Contract Reduction

21. The training budget has been reduced by £0.4m in 2021/22 based upon Firefighter Development training ceasing from 1st January 2021.

Increased Legal Compensation Costs

22. The compensation budget continues to be reviewed and based on estimated claims for future years and an additional £0.05m has been included within the budget for 2021/22. This will continue to be monitored to assess and update the impact on the ongoing budget requirement.

Respiratory Protective Equipment

23. There is a £0.6m budget saving as a result of the proposed route for the replacement of Respiratory Protective Equipment in 2021/22 which is reflected in the latest Commissioner's Board report on RPE.

Reduction in telecoms income of £36k

24. Following the sale of Shooters Hill radio mast there will be an income reduction of £36k due to the loss to revenue from telecoms installations previous located at the site.

Increased insurance costs

25. £75k increase in insurance costs based on latest estimates following a review of proposed costs and budgets.

Deferral in increase of capital financing costs

26. An element of the increase to the capital financing costs in 2021/22 will be deferred to 2022/23, to reflect the latest forecasts for capital expenditure.

Additional funding for GTIRT

27. Additional funding of £322k within the Grenfell Tower Investigation and Review Team (GTIRT) is required to complete the outstanding work in preparation for the Grenfell Tower Inquiry, specifically for the purpose of preparing for Module 8 of the Inquiry, which will seek to fulfil the inquest function. The work is essential for the LFB's preparations as part of the inquiry. The funding will cover staffing costs for six months and will be mainly operational staff, but also with some specialist agency staff. The funding level includes some resilience and will extend GTIRT resources until the completion of Module 8. This spend will exceed the £150k delegation limit for the LFC, so any governance requirements will be considered as part of completing this work.

28. The Medium Terms forecast currently includes a 2% pay award for both Operational and FRS Staff for 2021/22 onwards. The full year impact of the pay award at this level is £6.4m, and with a part year cost of £5.0m in 2021/22. In December 2020 the Chancellor detailed his Spending Review plans which included a partial pay freeze for public sector workers from 2021, however this would not apply to workers earning less than £24k per annum. The position on the impact of the pay freeze is not yet clear and the budget for the pay awards will be kept under review as this develops.

Savings and Growth

29. The savings and growth set out in Appendix 3 and 4 have been reviewed with the following items now included or updated.

Table 3: Changes to Savings and Growth Proposals

Ref	Title	2021/22 (£k)	2022/23 (£k)	Total (£k)
G2	Daily Cleaning	(100)	(2,100)	(2,200)
G10	DaMOP Legacy	490	0	490
G11	Cultural Change Inclusion Team	49	0	49
G1	Face Fit Technician	96	0	96
S12	Incident Command Operating Software	250	(125)	125
S110	General Office – Fire Stations	(4)	0	(4)
S111	Smoke Alarms – Fire Stations	(56)	56	0
S112	Training and Conference – T&PD	(10)	(10)	(20)
S113	LFB Red Phone Rota	(8)	0	(8)
S115	HR and Payroll Replacement	(98)	10	(88)
S116	Finance System Replacement Consultant	109	(49)	60
<u>Vario</u> <u>us</u>	Fire Safety Savings	(155)	0	(155)
	Total Changes to Saving and Growth Proposals	563	(2,218)	(1,655)

Changes to growth

Daily Cleaning

30. The original enhanced cleaning growth bid has been revised to £2.1m in 2021/22 which is a saving of £0.1m. This was submitted as an ongoing growth bid, however it is now proposed that this is removed for 2022/23 which provides a £2.1m saving.

DaMOP Legacy

31. Growth bid has been submitted to transition the Development and Maintenance of Operational Professionalism (DaMOP) team to business as usual. The additional £490k of funding will enable the creation of 7.2 additional posts.

Cultural Change Inclusion Team

32. A new growth bid which would create an additional post the Inclusion Team at FRS D grade, titled Inclusion Governance and Assurance Officer. This post will support the implementation of the Togetherness Strategy and provide governance support.

33.

Face Fit Technician

34. The original growth bid included profiled spend over 2020/21 and 2022/23. This growth has not taken place in 2020/21 and will now be incurred in 2021/22.

Incident Command operating Software

35. The original proposal requested £125k growth in 2022/23 and 2023/24 resulting in an annual budget of £250k. This has now been reprofiled with the full growth required in 2021/22 at £250k, with the subsequent growth now removed from this budget.

Changes to savings

General Office

36. Reduction in the general office budget proposed to reflect the expenditure levels in 2020/21.

Smoke Alarm Budget

37. Reduction to the smoke alarm budget proposed for 2021/22 as a one off saving due to the impact of Covid-19 on activity.

Training and Conference budget

38. Following a review of the training and conference budget Training and Professional Development have proposed a reduction in the overall budget.

Red Phone Rota

39. LFB red phone rota support to be moved from FRS staff who are paid a Special Responsibility Allowance to operational staff in the Training and professional Development Department when they are on duty.

HR and Payroll Replacement

40. Reprofiled of savings associated with the procurement of a new HR and Payroll system following a review of the system and timescales to implement the system.

Finance System Replacement Consultant

41. Reprofiled of savings associated with the procurement and implementation of a new finance system.

Mobilising System

42. Following a reassessment of the project an alternative project team structure has been proposed which delivers a cost reduction for this project.

Fire Safety

43. Fire Safety are proposing a number of changes to their savings proposals which includes some in year savings becoming ongoing saving. These include the removal of savings associated with LIFE budgets; inclusion of Safe and Well alarm saving now an ongoing 2021/22 saving; inclusion of additional Education Officer saving in 2021/22;

Summary Budget Position

44. Table 5 below shows the impact on the overall LFC budget of the changes set out in Tables 1 to 3 above. This demonstrates that the LFC is currently able to achieve a balance budget by 2022/23, with additional funding provided by the Mayor in 2021/22 and 2022/23. The budget gap in 2021/22 as detailed in Table 4 can be met through a draw on the Budget Flexibility Reserve of £0.8m. The draw on the BFR of £0.8m represents a £15.2m reduction from the £16.0m draw set out in the LFB's budget submission to the Mayor. This improvement is largely as a result of an effective increase in funding from the GLA of £15.0m, after including the use of £1.4m from the in year saving reserve that was set aside to reimburse the GLA against the impact of the collection fund deficit for 2020/21.

Table 4: Summary Budget Position

	2021/22 £m	2022/23 £m
Budget Gap as set out in November Budget Submission Report (LFC-0432)	0.0	8.2
Add back BFR draw	16.0	0.0
Revised Budget Gap/ (Surplus) before BFR	16.0	8.2
(Increase) /Decrease to LFC Funding (Table 1)	(13.6)	(7.8)
Changes to the Medium Term Forecast (Table 3)	(0.8)	(0.6)
Changes to Saving proposals (Table 4)	0.6	(1.7)
Transformation Savings Target		
Revised Budget Gap/ (Surplus)	2.2	(1.9)
Draw on In Year Savings Reserve	(1.4)	(1.6)
Draw in BFR	(0.8)	0.0
Budget Gap / (Surplus) After Reserve Use	0.0	(3.5)

Government Spending Review

45. On 21 October 2020 the Chancellor of the Exchequer announced that he will conduct a one-year Spending Review in order to prioritise the response to Covid-19. The review was originally meant to set out the budgets for the years 2021/22 to 2023/4, however the Government had announced that it would keep plans for the Spending Review under review given the unprecedented uncertainty of Covid-19.
46. As a result of the announcement of a spending review covering only one year, there remains considerable uncertainty in the medium term regarding funding levels, including any revision of the fire formula as part of the fair funding review.

Pension Grant

47. There was a material increase in the cost of employer contributions for the existing firefighter pension schemes, following the scheme valuation 2016, of £25m, largely as a result of changes by Government to the discount rate used in valuing future liabilities. A one-off grant of £21.7m was provided to partly offset this pressure in 2019/20, which was repeated in 2020/21 and will again be paid in 2021/22. It is also now expected that the additional pensions grant will be built in to base funding from 2022/23, and therefore this level of funding is now assumed in the LFC medium term forecast.
48. There are however potential additional pensions pressure with the implementation of the McCloud/Sargeant pensions discrimination cases, relating to the transitional protection provided to scheme members of a certain age on the implementation of new pension schemes in 2015. The cases have implications across public sector pensions, with a case specifically relating the Firefighter Pensions Scheme as well as then for the Local Government Pension Scheme. The

costs of implementing the remedy are as yet unclear, as well as the position on potential funding. These costs have therefore not been reflected in this budget but could include preparations for the implementation of the pensions remedy from April 2022 during the 2021/22 financial year, as well as any ongoing cost from 2022/23.

Covid-19

49. The Covid-19 pandemic has had an unprecedented impact across the public in terms of demand, service delivery and economic consequences. Throughout the pandemic the LFB have provided essential services to London including collaborating with our partners at the London Ambulance Service. On 1 April the Ambulance Driver Assist programme was launched with a number of personnel volunteering to drive ambulances on blue lights in support of LAS paramedics.
50. The financial impact of Covid-19 has been closely monitored throughout the 2020/21 financial year and has also been considered during the 2021/22 budget process. It continues to provide a level of uncertainty and its ongoing impact is being closely monitored.
51. The LFC made a second claim to the Home Office under the Fire Covid-19 Contingency Fund of £3.5m in February 2020. The Home Office announced the outcome of the grant claim on 16 March 2021 which awarded funding to the LFC to meet in full the claim of £3.5m. In addition, the Home Office also announced that the balance remaining on the Covid-19 Fund was to be allocated to Fire and Rescue Authorities in England in line with the fire funding formula. This will result in additional funding for LFC of a further £2.0m, which when combined with the £3.5m above will result in total additional funding for the LFC of £5.5m.
52. This significant additional funding will result in a reduced outturn spend for the LFC in 2020/21, which is now forecast to lead to an underspend position at outturn. This report recommends that the further funding of £2.0m is subsequently transferred into a new earmarked reserve to cover any Covid costs that are identified in 2021/22.

Risks and Opportunities

53. 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 Appendix 5. Two new risks are set out below.
54. Discussions remain ongoing with the Valuation Office and the LFB's property agents Dron & Wright regarding business rate revaluations and a revised basis of valuation across all fire stations in London. It is currently estimated that an average rateable reduction of 9% could be applied and backdated to 2017. Therefore, the LFB could potentially receive a £3m refund in 2021/22 and achieve an ongoing £0.6m saving per annum. When the outcome of these discussions is known the medium term plan will be updated.
55. As expenditure on compensation in 2020/21 has been well in excess of the spend in past years, the budget has been increased from 2021/22 to provide additional funding, with this at a level equivalent to the average annual charges over the last four years, rather than simply increasing this to the level seen in 2020/21. There is a risk of overspend again in 2021/22 if new liabilities are at the level seen in 2020/21, but there would also be a risk of underspend, and savings being made elsewhere unnecessarily, if the budget was increased to match spend in 2020/21. The position will be kept under review and consideration given to further adjustments to the budget as the position develops.

Financial Position

56. The forecast outturn position as at the end of December 2020 (Q3) (LFC-xxx) shows an overspend of £3.1m for the 2020/21 financial year. This is a decrease of £2.5m from the forecast overspend reported for Quarter 2, and shows further progress from the forecast overspend reported at Q1 of £10.1m. Action has been taken during the financial year to address the forecast overspend, and key elements include a significant reduction in FRS staff expenditure reflecting the enhanced recruitment controls put in place, as well as additional income from securing cost recovery from the London Ambulance Service for the support provided under the Ambulance Driver Assist programme.
57. As set out in the section on Covid-19 above it has now been confirmed that the Home Office will provide additional funding to the LFC of £5.5m. This will mean that the £3.1m overspend above would reduce to a £2.4m underspend position as a result of this grant payment.

Reserves

58. The LFC's Budget Submission to the Mayor included a statement on the adequacy of reserves for the LFC to comply with GLA requirements. Table 5 below shows the forecast reserve position for 2020/21. It is forecast that the general reserve will be maintained at the minimum level required, of 3.5% of net revenue expenditure.

Table 5: Reserves Position for 2020/21 Financial Year

£000s	Opening Balance at 01/04/20	Movement on Reserves	Impact of Additional Grant Funding from the Home Office	Anticipated Balance at 31/03/2021
Additional Resilience Requirements	568	(44)		524
Capital Expenditure Reserve	11,745	0		11,745
Central Programme Office	645	0		645
In Year Savings Reserve	0	5,000		5,000
Compensation	676	324		1,000
Emergency Services Mobile Communication Programme	2,172	(217)		1,956
Emergency Medical Response	294	0		294
Fire Safety and Youth Engagement	1,007	(672)		335
Transformation Reserve	0	6,191		6,191
Hydrants	462	0		462
ICT Development Reserve	1,953	77		2,030
LFC Control Centre	729	0		729
LFB Museum Project	201	(62)		139
London Resilience	771	0		771
London Safety Plan Initiatives	3,162	(446)		2,716
New Governance Arrangements	0	0		0
Organisational Reviews	327	(239)		89
Recruitment/ Outreach	250	0		250
Sustainability	235	0		235
Vehicle & Equipment Reserve	2,697	(59)		2,638
COVID-19	0	0	2,000	2,000
Budget Flexibility	29,930	(14,228)	3,500	19,203
General	21,399	(5,932)		15,467
Total	79,224	(10,307)	5,500	74,419

59. The latest forecast position on reserves is set out in Table 7 below. This shows the forecast outturn position for 2020/21 as at the end of December 2020 and the forecast changes in the use of reserves from 2021/22 to 2024/25. Additional information on the purpose of these reserves can be found in the LFC Reserves Strategy Appendix in the November Budget Submission to the Mayor.
60. Table 6 includes a draw on the Budget Flexibility Reserve of £1.6m, which represents a £14.4m reduction from the £16.0m draw set out in the LFB's budget submission to the Mayor. This improvement is largely as a result of an effective increase in funding from the GLA of £15.0m, after including the use of £1.4m from the in year saving reserve that was set aside to reimburse the GLA against the impact of the collection fund deficit for 2020/21. This allows the BFR to be

maintained at a higher level in future years. It is proposed that the BFR will be used to support future budget gaps and organisational change.

61. The compensation reserve was drawn down in full during 2020/21 in order to settle personal injury claims. It is proposed to transfer £1.0m from the BFR to the Compensation reserve to support future years expenditure.
62. Table 6 includes a balance on the Transformation Delivery Plan reserve of £4,389k by March 2024. There are currently several proposals being developed and finalised which will utilise this reserve in full.
63. It is proposed the former London Safety Plan Initiatives reserve is renamed Community Risk Management Plan Initiative. This reserve will support the development and deliverables of the CRMP.
64. The reserve table also reflects the impact of the £5.5m grant payment from the Home Office announced on the 16 March 2021, which it is proposed to transfer to the BFR (£3.5m) and a new COVID-19 reserve (£2.0m). This new COVID reserve will be used to help offset any additional COVID related costs identified in the 2021/22 financial year. This reserve will be reviewed in June and any remaining funds returned to the General Reserve.
65. The LFC will continue to regularly review all reserve balances and where possible release funds back into the general reserve.

Table 6: Forecast Use of General and Specific Reserves

£000	Anticipated Balance at 01/04/21	Use of Reserves in 2021/22	Use of Reserves in 2022/23	Anticipated Balance at 31/03/24
Additional Resilience Requirements	524	(50)		474
Capital Expenditure Reserve	11,745			11,745
Central Programme Office	645	(645)		
Compensation	1,000	0		1,000
Emergency Medical Response	294			294
Emergency Services Mobile Communication Programme	1,956	(585)	(1,308)	62
Fire Safety and Youth Engagement	336	(195)	(83)	57
Transformation Delivery Plan	6,191	(1,802)		4,389
In Year Savings Reserve	5,000	(1,400)	(1,600)	2,000
Hydrants	462	(120)	(127)	215
ICT Development Reserve	2,030	(541)	(550)	939
LFC Control Centre	729			729
LFC Museum Project	139	(70)		69
London Resilience	771			771
Community Risk Management Plan Initiatives	2,716	(937)		1,779
Organisational Reviews	89	(239)		(150)
Recruitment/ Outreach	250			250
Sustainability	235			235
Vehicle & Equipment Reserve	2,637	(221)	(1,337)	1,079
COVID-19	2,000	(2,000)		0
Budget Flexibility	19,203	(800)		18,402
General	15,467			15,467
Total	74,419	(9,604)	(5,005)	59,807

Fees and Charges

66. The LFC receives income from a range of charges which are calculated on a cost recovery basis. Any changes to these are calculated by the Director of Corporate Services and advised to charging departments in line with delegations to officers in order to be applied from the start of the new financial year. This process includes updating the rate used for special service charges, which also covers charging for Shut in Lift and Automatic Fire Alarm call outs. The special service charge is currently set at £346 for the 2020/21 financial year, and will increase by £6 to £352 for the 2021/22 financial year.

Capital Programme and Prudential Indicators

67. 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.

68. This report updates the draft capital programme included in the report setting out the Budget Submission to the Mayor in November (LFC-0432) and provides an updated Capital Strategy at Appendix 7.

Table 7: Capital Programme 2020/21 – 2022/22

CAPITAL STRATEGY 2021/22 REQUIREMENTS	2020/21 £000s	2021/22 £000s	2022/23 £000s
ICT	1,866	4,369	5,703
Property	7,197	23,701	25,642
Communications	119	40	1,120
Fleet and Equipment	11,843	22,327	3,614
Operational Policy	0	8,200	0
Total	21,025	58,637	36,079

Risks to the Capital Programme

69. The capital budget is subject to risks and opportunities which are not quantified in the estimates in this report. These risks currently identified are set out in Appendix 5.

Leases – Changes to Accounting

70. Due to the impact of Covid-19 the implementation of IFRS 16 has been delayed for a further year to 1st April 2022. From 2022/23, the LFC, as part of the local government sector, will be required to adopt a new international financial reporting standard (IFRS 16) for leasing. The assets and liabilities of all significant leases of over 12 months will be recognised on the balance sheet. As part of ensuring compliance with IFRS 16, the operational and authorised borrowing limits will be reviewed and increased as necessary from the levels shown in the above tables. Updated borrowing limits will be approved separately, once a detailed data gathering exercise has been completed and the impact of IFRS 16 compliance quantified, during the 2021/22 financial year.

Financial Management Code of Practice

71. The CIPFA Financial Management Code has been “designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability”. Authorities should be able to demonstrate that they are complying with the Code from by 31 March 2021 and 2021/22 will be the first full year of implementation.

72. Work has taken place to review the LFC's compliance with the FM Code and further details on this are included in Appendix 8.

Equality Impact

73. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when exercising our functions and taking decisions.

74. 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.

75. 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.
76. The Public Sector Equality Duty requires us, in the exercise of all LFC functions (i.e. everything the LFC does), to have due regard to the need to:
- (a) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - (b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - (c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
77. 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:
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - (b) 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;
 - (c) 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.
78. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include steps to take account of disabled persons' disabilities.
79. 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—
- (a) tackle prejudice, and
 - (b) promote understanding.
80. The requirement for each proposal which has a potential impact to undergo an Equality Impact Assessment was communicated to all Heads of Department as part of the budget guidance. This included specific instruction setting out the LFB's obligations under the Equality Act and Public Sector Equality Duty, with guidance to support them to complete Equality Impact Assessments (EIAs) on relevant proposals.
81. In addition, an EIA has been undertaken on the proposals which have a direct impact on staff who are in positions which are at risk of deletion. Although this staff group is small (fewer than 10), there is an adverse impact on race and gender, given the demographic makeup of the staff group

affected. This impact, including mitigations agreed to minimise the impact, is outlined in the Equality Impact Assessment (agreed staffing proposals) which is attached as an Appendix 9 to this report.

82. This is particularly relevant given the 2020 Mayor's budget guidance which explicitly stated, at 5.3 and 5.4:

(5.3) It will be a key objective for London's recovery to address the social and economic inequalities that have driven differences in the impact of Covid-19 across London's communities, as well as the inequalities created as a result of the crisis itself. In reviewing and repurposing their budgets to support London's recovery all members of the GLA Group must consider what steps they can take to address these inequalities.

(5.4) All members of the GLA Group must also assess their wider budget proposals to consider both their potential impact on different groups of Londoners (including, but not limited to, those protected by equalities legislation), and are encouraged to consider how they can broaden their activities to further address poverty, economic inequality and social integration in London.

83. The Inclusion Team has been consulted, and further guidance was sent to Heads of Service after a review of proposals by the Team in September 2020 – requesting EIAs on those where a potential impact is identified by the Inclusion Team. The Inclusion Team were further consulted to ensure EIAs were conducted and reviewed where savings proposals had either been agreed or require further work.

Procurement and Sustainability

84. Section 6 of the Mayor's budget guidance set out expectations regarding the role of the GLA Group to play a key role in delivering a green recovery from COVID-19, and noted budget proposals would need to ensure sufficient resourcing to continue the efficient and effective delivery of the London Environment Strategy (LES), with the environment at the heart of all recovery activities. Further detail on funding allocated to support delivery of the LES is set out in the Sustainability Analysis at Appendix 10
85. Savings proposals identified in appendix 3 include a number of in year savings as a result of reduced consumption due to COVID-19 such as stationary, paper, printing equipment, travel and accommodation. Although too early to determine the impact on future years, the introduction of new technology to support remote working and meetings is expected to deliver some longer lasting benefits in reduced consumption. The removal of the internal catering service may lead to an increase in disposable packaging. Performance in this area will be monitored by the Sustainable Development Team and supporting campaigns included in their behaviour change programme as appropriate.
86. Savings items related to the Carbon Reduction Strategy (LFC 0256) and carbon targets are expected to have limited impact on achieving the carbon reduction target of 60% by 2025. The programme of stations switch off controls has been dropped on a value for money assessment, following indications that the benefits identified at the first trial station, quickly tailed off. The reduced budget for the Zero Carbon Feasibility study will deliver a higher level review of options to inform future years work towards the longer term carbon targets, with no impact on the 2025 target. The reduction in the BMW i3 car fleet and the removal of the Scientific Support Units, is expected to have limited impact on overall carbon emissions, as mileage is unlikely to reduce,

however increasing the mileage per vehicle, is likely to improve the whole life cost basis for the use of electric vehicles.

87. The post reductions identified as savings are predominately vacancies and therefore are unlikely to have any impact on reduced energy consumption and related carbon emissions
88. Growth proposals include an increase in the cleaning services as a result of COVID-19. The cleaning contract requires the payment of the London Living Wage (LLW) as a minimum for all staff. This is likely to result in an increase in contractors staff benefitting from the LLW identified in future years performance reporting. They also include an increase for utility costs for the new Operational Support Centre, although this is expected to have limited impact on overall carbon emissions, which has a photovoltaic array and electric vehicle charging points at the site.
89. The capital programme includes funding for the Zero Emission Pumping Appliance project and carbon reduction measures on buildings, with the noted risk of additional building cost for infrastructure to support the vehicle.

Strategic Drivers

90. The LFC has a statutory responsibility to set a balanced budget as set out in the GLA Act 1999. This report fulfils the LFC responsibilities.

Workforce Impact

91. LFB's recognised trade unions have been consulted on the savings and growth proposals for 2021/22, and the proposed in-year savings for 2020/21. A meeting of the LFC Joint Committee took place on 2 November 2020 which commenced 21 days consultation with the trade unions on the main set of proposals. Comments were received from the FBU, GMB and UNISON during the consultation period, and responses to these comments have been provided. To date no changes have been made to the proposals arising from this consultation.
92. The FBU comments mostly sought additional information on the proposals. However, the FBU have registered their clear opposition to the proposed recruitment freeze. The FBU were advised that the size of the budget gap does not unfortunately leave the Brigade with much of an alternative.
93. The comments from the GMB and UNISON mostly centred on the proposed deletions of (FRS) posts which are not vacant. They also commented on the equalities impact of these proposals which are as set out in Appendix 9 to this report, 'Staffing Equality Impacts: Post Deletions'. There were originally seven staff at risk, with a maximum six redundancies, and the trade unions were advised that the Brigade was committed to seeking to directly redeploy/assimilate staff at risk into vacant posts, with redundancies being a last resort. Since the proposals were first announced four of the staff are no longer at risk as they have either been assimilated or redeployed to substantive posts. There currently remain three staff at risk, and the intention is to resolve their positions by agreement.
94. More recently, in early March 2021, a further (limited) set of proposed savings were announced, and these have also been consulted on with the trade unions. None of these proposals have direct staffing implications, to date (18/03/2021) no comments have been received from the trade unions on these proposals.

Finance comments

95. This report is by the Assistant Director, Finance and there are no additional comments.

Legal comments

96. 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 GLA 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.
97. 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.
98. 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.
99. 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.
100. The Mayor's Final Draft Consolidated Budget has now been agreed and this report proposes a budget in line with the Mayor's proposals.
101. This report fulfils the Commissioner's responsibilities under the above legislation

List of Appendices

Appendix	Title	Protective Marking
1.	Medium Term Forecast	None
2.	Subjective Analysis	None
3.	Savings	None
4.	Growth	None
5.	Risks and Opportunities to the Financial Position	None
6.	Equality Analysis	None
7.	Capital Strategy	None

8.	Financial Management Code	None
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Medium Term Financial Strategy

1 Summary

This report sets out the medium term financial plan for the London Fire Commissioner (LFC) covering the period 2021/22 and 2022/23.

2 Background

In his Final Budget the Mayor for London set out funding for the LFC of £405.4m in 2021/22, and an indicative allocation £403.6m 2022/23 for planning purposes. The Mayor then went on to note that given the Government decision to only hold a one-year Spending Review for 2021/22 and expected forthcoming wider changes to the Local Government Finance system, he did not consider that he had sufficient funding certainty to provide an indicative allocation for 2023/24 and 2024/25. As a result, he has requested that the LFC only prepares a budget submission for 2021/22 and 2022/23.

3 Budget Setting

The funding figures as set out by the Mayor in his Final Budget reflected a £15m increase in funding for 2021/22 compared to that set out in his Consultation Letter to the London Fire Commissioner. This has resulted in the LFC being able to achieve a balanced budget for 2021/22 and a reduction in the draw from reserve.

In order to achieve the requirement for a balanced budget in 2021/22 the LFB has carried out a budget setting exercise to identify the savings required, which will include an operational staff recruitment freeze and a wide range of savings as set out in its Budget Submission to the Mayor.

Longer term sustainable proposals to manage the financial position will need to be addressed as part of the next integrated risk management plan, which will consider our ability to undertake core activities within the context of the changing risk profile of London and a potential need to increase some of these activities with a smaller workforce.

4 Efficiency Plan

The fire and rescue national framework sets out the documents each Fire and Rescue Service (FRS) is required to produce which includes an efficiency plan. The LFB published its first efficiency plan under the London Fire and Emergency Planning Authority (LFEPA) in 2016 covering four years to 2020. In order to meet the ongoing requirement this Medium Term Financial Plan (MTFP), and the proposals set out in the Budget Submission that support this MTFP, should also be considered as the Efficiency Plan for the LFC covering the financial year 2021/22.

Appendix 1 Medium Term Forecast

Medium Term Financial Plan for 2021/22 and 2022/23

Inflation and Medium Term Changes	Detail	2021/22 (£k)	2022/23 (£k)
Inflation		8,381	9,021
MTFS Changes			
Operational Staff			
Changes to Staff on Development Rates of Pay	This reflects anticipated changes in the profile of the operational workforce, with movement in the number of less experienced staff on lower pay rates, based on establishment and recruitment forecasts	(2,456)	900
Operational Pension Scheme Changes	This saving is achievable based on forecast numbers of staff in the current schemes, and the reduced costs as staff leave the older schemes and recruits join the new scheme. It also includes a forecast of 30 staff opting out of the scheme per year, based on current trends.	(318)	(290)
Pensions Auto Enrolment	These are potential additional employers' pensions contributions from staff entering the pension schemes, as part of the governments auto enrolment scheme. This assumes that 40% of staff enrolled into the scheme stay in the scheme.	0	160
Trainee Firefighter Recruitment	These costs reflect the anticipated salary cost of trainee firefighters in each year.	82	(657)
Change in Expenditure funded from Specific Grants and Reserves	This reflects the movement in expenditure funded from reserves for one off items.	(68)	54
Transformation Spend	Transformation Spend to support Incident Command Team and operational assurance growth.	144	0
Transformation Spend	Transformation Spend to support Integration of the Command Units into station watch structures	975	0
Transformation Spend	Ending of one off Transformation Spend to support drone capability	(20)	0
Reduction in Operational Salaries budget following pay award	Reduction in Operational Salaries budget following the application of pay award, with changes to the experience/service profile of staff	(1,400)	0
Reduction in Operational Pension budget following pay award	Reduction in Operational Pension budget following the application of pay award	(600)	0
Operational Recruitment Freeze 2021/22	This is the forecast saving based on an Operational Recruitment Freeze 2021/22	(5,900)	(8,800)
Reduction in Respiratory Protective Equipment	Reduction in Respiratory Protective Equipment	(600)	0

Appendix 1 Medium Term Forecast

Inflation and Medium Term Changes	Detail	2021/22 (£k)	2022/23 (£k)
Increase in GTRIT budget due to module 8	Increase required in GTRIT budget due to fulfil requirements of the inquiry	322	(322)
Operational Staff Total		(9,839)	(8,955)
Other Staff			
FRS Vacancy Margin	This reflects the reversal of a temporary increase to the vacancy margin for FRS staff in light of ongoing vacancy levels.	1,000	0
FRS Vacancy Margin	Change to the vacancy margin for 2021/22, to extend the additional vacancy margin in light of in year measures on FRS recruitment.	(1,000)	1,000
Revaluation of the LGPS Pension Scheme	This reduction in cost reflects the outcome of the recent revaluation of the LGPS pension scheme for the LFB	129	133
BI Project	These changes result from a shift in the technology stack, from the traditional on premise server based architecture with the consequential licence purchase, to a cloud based subscription model. This approach both aligns these projects with the Digital Strategies and the market in general	10	(177)
Change in Expenditure funded from Specific Grants and Reserves	This reflects a reduction in expenditure from earlier years, that was previously funded from reserves for one off items.	(350)	(366)
Transformation Spend	Transformation Spend to support the appointment of a Transformation Director, team and associated costs. This reduces the funding for this from £875k to £500k.	(375)	0
Transformation Spend	Transformation Spend to support improving stakeholder and community relations.	79	0
Transformation Spend	Transformation Spend to support counselling and Wellbeing	32	0
Transformation Spend	Transformation Spend to support building height and data quality assurance	25	0
Transformation Spend	Transformation Spend to support unwanted Fire Signal reduction dedicated team	189	0
FRS Salaries Budget	Reduction in FRS Salaries budget following the application of the pay award	(400)	0
Other Staff Total		(661)	590
Firefighter Pension Scheme			

Appendix 1 Medium Term Forecast

Inflation and Medium Term Changes	Detail	2021/22 (£k)	2022/23 (£k)
Firefighters' Injury Pensions	This relates to inflation increases on injury pensions and assumptions around numbers in receipt of injury pensions.	203	211
Fire Fighters Ill Health	Revisions to ill health costs based on forecasts of the numbers being retired under ill health	120	(83)
Firefighter Pension Scheme Total		323	128
Staff Related			
Local Government Pensions Scheme - Early Retirement Costs	This movement reflects ongoing reductions in the number of pensioners receiving these payments.	(30)	(30)
Training Contract	As stated in the Future Options for Training report (FEP1829X) the fixed fee element of the Training Contract will vary in line with the requirements of the contract.	245	(46)
Change in Expenditure funded from Specific Grants and Reserves	This reflects a reduction in expenditure from earlier years, that was previously funded from reserves for one off items.	(828)	(209)
Insurance Premium	Increase in Insurance	2,061	0
Reduction in insurance following retender	Increase in insurance premium at renewal, partly reduced following retender	(1,000)	0
Increase in the Compensation base budget	Increase in the Compensation base budget following a review of anticipated claims and potential liabilities	445	0
Reduction in training contract	Reduction in training contract budget to reflect current year expenditure	(400)	0
Staff Related Total		493	(285)
Premises			
Business Rates	The forecast budget movements have been amended based on 2% annual inflation each year	166	169
Gas and Electric Contracts	The increased cost shown here is due to changes in the supply industry and revision of the gas budget funding which allows for a 3% increase in 2021/22. A change in the Gas and Electric supplier has reduced this cost.	74	76

Appendix 1 Medium Term Forecast

Inflation and Medium Term Changes	Detail	2021/22 (£k)	2022/23 (£k)
LFB Training Centre Croydon	This increase reflects the estimated increase in running costs in 2022/23 for the LFB Training Centre Croydon project.	0	446
New Premises contracts (hard and soft FM services)	The Property Services Review Report FEP2430 (item 39) identified the potential for a significant increase in costs for the provision of all works/services when tendering for new contracts. These increases are in addition to the 'inflationary pressures' submitted for Premises budgets.	158	0
Property Inflation Costs	A review of property inflation requirements has resulted in an additional financial pressure, although the conclusion on these has been delayed to reflect the impact of the pandemic.	656	0
Union Street Space Review Consultant	This reduction reflects the reversal of a financial pressure in 2020/21 to review the use of space at Union Street.	(40)	0
New BA Cylinders Storage	This reduction reflects the reversal of an additional one off cost for stowage and storage of new cylinders	(13)	0
Brigade Distribution Centre Rent Extension	The brigade will not now vacate the Brigade Distribution Centre until 30 September 2020, this resulted in additional costs budgeted at £226, made up of rent (£94k) and security (£68k), linked to the organisations Operations Support Centre project. This is the reversal of this, with the final part in 2021/22	(162)	0
Facilities Management Soft Services Provision	This additional cost reflects the proposed new strategy for this service provision	177	0
Change in Expenditure funded from Specific Grants and Reserves	This reflects a change in expenditure from earlier years, funded from reserves for one off items.	(150)	0
Rapid Response Team and Lambeth Facilities	The additional cost is for additional storage and operational parking to optimise the utilisation of Lambeth fire and river stations and accommodate the Rapid Response Team (RRT)(LFC-0282).	2	2

Appendix 1 Medium Term Forecast

Inflation and Medium Term Changes	Detail	2021/22 (£k)	2022/23 (£k)
Property Expert – 8 Albert Embankment	This reduction reflects the reversal of a financial cost in 2020/21 to provide a dedicated resource to fulfil the project management and specialised technical assurance aspects of the 8 Albert Embankment project.	(150)	0
Transformation Spend	Ending of one off funding for Transformation Spend to support the reconfiguration of Control	(100)	0
Premises contract - Security Contract	Previous dedicated line for security removed - now included within the Soft FM contract scheduled to commence during 20/21.	(15)	(16)
Premises Total		603	678
Transport			
Lease Car Charges	Increase in cost of insurance and subsidy for lease cars based on indexation and an increase in the number of cars in use through the scheme.	8	0
New BA Cylinders Stowage	This additional one off cost is for stowage and storage of the new cylinders	(64)	0
Change in Expenditure funded from Specific Grants and Reserves	This reflects a change in expenditure from earlier years, funded from reserves for one off items.	(1,089)	(40)
Transport Total		(1,144)	(40)
Supplies and Services			
Airwave Contract	This reflects ongoing inflation on the Airwave Contract.	54	56
Increase in Cadet Units to all London Boroughs	The Mayor awarded LFC an extra £1.1m of funding for fire cadets to open 15 new units over 2 financial years, and this adjustment reflects that funding coming to an end. A review is currently taking place of all LFB youth services in order to make the delivery of this work sustainable going forwards.	(438)	0
Subscriptions to online legal reference material	No inflation increase is applicable following the agreement of a three year contract for these services	(2)	(2)
Additional Resilience Requirements	Ongoing Maintenance for Extended Duration Breathing Apparatus Sets	613	0
Additional Resilience Requirements -Legal Costs	Legal Costs related to Grenfell Investigation, which will be offset by insurance income.	(78)	0

Appendix 1 Medium Term Forecast

Inflation and Medium Term Changes	Detail	2021/22 (£k)	2022/23 (£k)
Adoption of Paging App On Phones	This savings reflects the decision to replace Brigade pagers with a mobile paging app (LFC-0214).	(59)	6
Finance System	These changes result from a shift to a cloud based subscription model and this approach both aligns these projects with the Digital Strategies and the market in general	116	(252)
Top Managers Conference	Reduction in costs to run a top managers conference in 2021/22	(36)	0
Payroll and HR System	These changes result from a shift to a cloud based subscription model and this approach both aligns these projects with the Digital Strategies and the market in general	323	50
Change in Expenditure funded from Specific Grants and Reserves	This reflects a change in expenditure from earlier years, funded from reserves for one off items.	(1,332)	(329)
Transformation Spend	Reversal of one-off transformation spend to support systems development	(335)	0
Transformation Spend	Reversal of one-off transformation spend to support Fire Survival Guidance Training	(50)	0
Mobile Plan Charges	General increase in demand for Tablets Laptops and Appliance based devices. Each device is equipped with a data Sim to allow internet connectivity.	88	0
Hyper Visor Licence	The environment is supported by two primary tools Citrix and VMWare. Pricing for both has increased and this growth reflects the changes made by suppliers to licensing models.	138	0
Microsoft Licence	An increase in the user base for the Office 365 subscription products to include Trainee Firefighters, Trainers and Agency staff is required	113	0
Break Fix Contract Additions	The contract in place allows for these additional services which were factored into the approval and represent services reaching	62	0

Appendix 1 Medium Term Forecast

Inflation and Medium Term Changes	Detail	2021/22 (£k)	2022/23 (£k)
	the end of warrantee periods and moving to paid support.		
Microsoft Azure	Maintaining production, test and development environments and ancillary services has increased the footprint of our Azure tenancy beyond that allowed for in the original project budget	33	0
Legal costs relating to Grenfell Tower Inquiry	Additional legal costs incurred relating to Grenfell Tower Inquiry which are unlikely to be reimbursed by the insurers	194	0
Increase in insurance budget requirement	Increase in insurance budget requirement following review of current year expenditure	75	0
Supplies and Services Total		(564)	(471)
Third Party			
Change in Expenditure funded from Specific Grants and Reserves	This reflects a change in expenditure from earlier years, funded from reserves for one off items.	0	(89)
Third Party Total		0	(89)
Financing			
Change to LFC Financing Costs	This estimate is based on the borrowing costs required for the current capital programme. It is subject to review, both in respect of the forecast level of capital receipts and the actual expenditure requirements as individual projects are progressed.	(197)	3,630
Financing Total		(197)	3,630
Income			
Insurance Company Income	These increases assume growth of 3.5% per annum going forward. This is in addition to savings that were agreed as part of the 2017/18 budget setting process.	(1,070)	(1,120)
Reduction in Shut in Lift charging	This adjustment reflects observed decreases in income and as the aim of this charge, to reduce demand, is realised.	10	10
Interest Income	Increase in Interest income based on current rates.	200	0
Change in Expenditure funded from Specific Grants and Reserves	This reflects a change in expenditure from earlier years, funded from reserves for one off items.	(58)	(54)
Income reduction at Shooters Hill	Telecoms income reduction at Shooters Hill	36	0
Income Total		(882)	(1,164)

Appendix 1 Medium Term Forecast

Inflation and Medium Term Changes	Detail	2021/22 (£k)	2022/23 (£k)
Change in government grant income		32	0
Change in Use of Reserves		(6,458)	16,279
New initiatives and service improvements		4,995	(2,225)
Change to GLA funding		(8,339)	(8,733)
Savings and Efficiencies		3,253	29,263
Savings to be identified		(5,816)	(30,525)

Appendix 1 Medium Term Forecast

5 Budget for 2021/22

The complete Medium Term Financial Plan for the LFC forms part of this document, which sets out the movements in the LFC's spend assumptions over the next two financial years. The table below sets out a summary of the financial position in each of those years.

Appendix 2 – Subjective Analysis

	(£k)	(£k)
	2021/22	2022/23
Net Revenue Expenditure		
Operational Staff	275,344	270,448
Other Staff	63,188	64,336
Staff Related	24,508	24,906
Firefighter Pension Scheme	21,644	21,772
Premises	44,807	43,727
Transport	17,640	18,016
Supplies and Services	31,557	31,701
Third Party	1,401	1,327
Financing	8,453	12,083
Contingency	2,227	2,220
Savings to be identified	0	3,513
Income	(41,210)	(44,214)
Net Revenue Expenditure Total	449,560	449,836
Reserves		
Reserves		
Use of Earmarked Reserves	(5,349)	(4,413)
Use of Flexibility Reserve	(800)	0
Use of General Reserves	0	0
Use of Transformation Reserve	(4,084)	(96)
Reserves Total	(10,234)	(4,509)
Specific Grants	(33,927)	(33,927)
Budget	405,400	411,400

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
1	Pause Staff Recruitment Business Intelligence	Pause recruitment of the following roles in the ICT department: Business Intelligence Analyst - FRS D - Project resource Image Management Assistant - FRS C Data Sharing Manager - FRS D		135,213		
2	Pause Recruitment Technical Design Group	Pause recruitment of the following roles in the ICT department: Infrastructure Support - FRS F Online Services Admin - FRS E		119,638		
3	Fire Safety Central Team Staff	The impact on Covid 19 on recruitment activities has resulted in the recruitment process not yet being initiated for one Station Officer and one FRS C/D post (Automatic Fire Suppression Systems and Transport), resulting in the duties being undertaken by existing posts.		113,495	113,495	
4	Pause Recruitment Networks	Pause recruitment of the FRS G Head of Networking & Security in the ICT department.		82,136		
5	Carbon Reduction Strategy	Reduce scope of Carbon Zero feasibility work. In year saving and one year only. This will limit the feasibility study to four sites.		80,000	100,000	
6	Fire Safety FRS Staff	Deletion of vacant FRS E Care Premises & Specialist Housing Co-ordinator post. Roles are being reviewed within the department to see if this work can be covered in the interim.		54,906		
7	Pause Recruitment – Service Management	Pause recruitment of the Service Management Analyst - FRS D in the ICT department.		47,413		

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
8	Pause Recruitment – Senior Incident Analyst	Pause recruitment of the FRS Senior Incident Analyst – FRS D in the ICT department.		47,413		
9	Fire Safety Staff	Deletion of the vacant FRS C Outreach post. The impact on Covid 19 on recruitment activities has resulted in the recruitment process not yet being initiated for this role, resulting in the duties being undertaken by existing posts. Upon consideration of other roles within the department, it became clear that whilst Outreach remain an important action, existing resources can continue to support this function.		41,173	41,173	
10	Fire Safety FRS Staff - Outreach	Deletion of two vacant FRS B Outreach posts. The impact on Covid 19 on recruitment activities has resulted in the recruitment process not yet being initiated for this role, resulting in the duties being undertaken by existing posts. One vacant post will be deleted in 20/21 and the other vacant post in 21/22	-2 x FRS B (OAC M44, Position 430346) wef 01/04/2021. Permanent.	35,477	70,957	
11a	Fire Safety	Subject to the outcome of the Youth Review - anticipation that the outcome of the review will facilitate a restructure of existing role and responsibilities. Delete vacant JFIS Booking Co-ordinator - FRS B.	-1 x FRS B (OAC M35, Position 430205) wef 01/04/2021. Permanent.	35,477	35,477	
11b	Fire Safety	Subject to the proposals in the Youth Review being agreed, it is proposed to delete vacant LIFE posts (1 x StnO; 1 x FRSE; 1 x FRSD) in addition to the FRS D referenced in line 39a.	-1 x STNO, - 1 x FRS F, -1 x FRS D (OAC M44, Positions 430219, 450216 & 430256) wef 01/04/2021. Permanent.		182,376	

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
11	Fire Safety FRS Staff - Education	Deletion of the vacant FRS B Education Officer post. The impact of Covid 19 on education activities has resulted in us being able to manage the workload of the team at present, using existing resources.			70,954	
12	Safe and Well Alarms - Fire Safety	Safe & Well Alarms - the delivery aspect of this project has now ceased and there is no further requirement for a budget for alarms.		26,638	26,638	
13	Helpdesk Supervisor	Remove 1x FRS C Helpdesk Supervisor from Training and Development. This post is currently vacant.	-1 x FRS C (OAC P12, Position 320405). Effective from 01/09/2021. Permanent.	24,017	17,156	
14	Professional Services	Professional Services (Community Safety) - Review of current usage has enabled in year savings.		24,000	4,000	
15	Recruitment Advertising	Reduction in the recruitment advertising budget for both Operation and FRS roles following a shift to digital media campaigns. This has been reviewed in light of current climate due to COVID19 and the new approval to recruit process.		20,000		44,300
16	Drug and Alcohol testing	Based on previous years spend it is proposed to reduce the Drug and Alcohol testing budget, however due to uncertainty and a new supplier this saving may not be maintained in future years.		4,790		
17	Office Furniture - Fire Stations	Usage in year to be monitored in order to allow a saving to be taken in 2020/21.		20,000		
18	Office Equipment - Fire Stations	Usage in year to be monitored in order to allow a saving to be taken in 2020/21.		20,000		

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
19	FRS Staff Reductions in Central Operations	Removal of 1 x FRSE post within Central Operations following the end of fixed term contract.	-0.6 x FRS E (OAC M53, Position 450254) Already actioned, see DA570. Permanent	19,070	45,709	
20	Catering Services - Fire Safety	Review of current usage has enabled in year savings.		15,000		
21	Portable Hygiene Unit	Reduce the call out fees associated with Portable Hygiene Units by 50% which would reduce service and management costs.		12,600	16,800	
24	Academic Sponsorship	Reduce the allocated academic sponsorship budget, until existing sponsored members of staff have completed their courses.		6,000		
25	Clothing - National Uniform Managed Service	Introduction of the National Uniform Managed Service provides forecast savings of: - 4-6% in general uniform (not including undress); and - 91% in undress uniform subject to choosing the MPS clothing range (this is dependent on the contractor selected during the tender).		5,235	32,239	
26	Transport -Fire Safety	Public Transport - Review of current usage enables in year savings		5,000	3,000	
	Various Savings under £10k	This includes various smaller value savings including on accommodation, academic sponsorship, uniform, public transport and stationery.		27,150		
31	Station Commander Removal Operational Resilience	Removal of Station Commander position in Inter Agency Liaison Group whilst the station commander for the CBRNe RRT will be brought into Operational Resilience to take over the responsibility to minimise the impact.	-1 x SC (OAC P19, Position 440167) Effective from 01/04/2021. Permanent	0	84,958	

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
32	1x FRS D FFD Operations Lead	Delete 1x FRS D Firefighter Operations Lead in Training & Professional Development team. There are currently two posts and the workload can be absorbed within the team.	-1 x FRS D (OAC P12, Position 310165) Effective from 01/04/2021. Permanent	0	39,465	
33	Casual cars	Due to new ways of working as a result of Covid 19, this reduction should be able to be sustained as less travelling/face to face meetings with Managers will be taking place.		1,000		0
35	Modern Workplace	Additional 1 X FRS F Change Manager post, this additional requirement will offset the in year ICT savings identified above and would be required to mitigate the impact in 2020/21	+1 x FRS F (OAC E64, New post) Effective from 01/04/2021. Permanent	(65,000)		

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
36	MFB Act - Additional Income	Metropolitan Fire Brigade Act (Finance Services) Increased income from the MFB Act following higher than expected increase in the building costs indices which is a major factor in determining gross sums insured and therefore contributions. In addition, the increase in new building in and around central London is starting to filter through in terms of insured business. The outturn for 2017/18 and the returns for 2018/19 provide positive indications on the buoyancy in sums insured, therefore it is proposed to extend the 5% year on year increase into 2021/22 from the 3.5% increases already included in the Medium Term Forecast. There are risks going forward following Brexit and Covid19 with uncertainty leading to possible change in building projects and costs including that people may leave the London property market or choose not to insure which could lead to a potential reduction in MFB income. Increasing premium costs may have an impact on insurance business with people choosing not to insure or taking more risk to reduce the cost of insurance premiums.			420,000	440,000
37	Rent reviews (rents payable)	Potential for savings on rent reviews due to changes in the current market conditions and length of existing lease; savings to be confirmed.			294,000	
38	Reduction FRS Control Staff	The removal of the 1 x FRS B and 1 x FRS D following the increase in central support available due to the new Property Strategy.	-1 x FRS B, - 1 x FRS D (OAC M12, Position Nos 420168, 420171) wef 01/04/2021. Permanent		134,056	0

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
39	Fire Safety - Policy Team	Following a review, the intention will be to create a Policy Team for Fire Safety (Prevention & Protection). The review will outline the new structure however it is anticipated that the following posts can be deleted - 1.56 x FRS C	-1.56 x FRS C (OAC M96, Position Nos 430267, 430143) wef 01/04/2021. Permanent		64,229	
39a	Fire Safety	Deletion of FRS D LIFE post vacated by member of staff redeployed in CS Policy.	-1 x FRS D (OAC M42, Position No 450217) wef 01/04/2021. Permanent		49,332	
40	Business Administration Apprentice - Fire Safety	Deletion of the five Business Administration Apprentice which are currently vacant.	-5 x BAA (OAC M29, Position No 430304) wef 01/04/2021. Permanent		120,660	
40a	Corporate Management Secretariat	Restructure of Corporate Management Secretariat. Deletion of 3 x FRSC, 1 x FRSB, 1 x FRS B (driver), offset by two additional FRSD posts.	-3 x FRSC, -2 x FRS B, +2 x FRS D (OAC R65, Position Nos FRS C tbc, 100026, 100027) wef 01/04/2021. Permanent.		118,936	
40b	Corporate Management Secretariat	Reduction of budget for Political Advisor to the Commissioner. This is not an established post.			90,000	
41	Transformation Directorate Structure	Transformation Directorate savings over the period are following the introduction of the new structure and capabilities set out by the Transformation Director.			115,000	517,000

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
43	Do not proceed with new lease for railway arches	Proposed that the new lease for railway arches is not taken forward which was agreed under report LFC 0282. The current review of the planning application by the Secretary of State has delayed the redevelopment of Lambeth. It is proposed that demand for the facility is reviewed and unused funds returned.			102,000	2,000
44	Operational Allowances Reduction	Reduction in the Operational Policy Operational Allowances budget which will impact on staff available for recall.			100,000	
45	Inter-agency Liaison Group Commander	Removal of Group Commander responsible for the management of Inter-agency Liaison Group (IALG) following the Operation Resilience and Special Operations Review.	-1 x GC (OAC P19, Position No 450178) wef 01/04/2021. Permanent.		97,751	
46	Emergency Planning Group Commander	Removal of the Group Commander responsible for Emergency planning, London Resilience and the Rapid Response Team. This area of work to be covered by other members of the newly formed Operational Resilience & Control as part of the department reorganisation.	-1 x GC (OAC P11, Position No 440171) wef 01/04/2021. Permanent.		97,751	
47	High Rise Premises Team - Fire Safety	It is proposed to remove the temporary posts in the High Rise Premise Team (1 x FRS D; 1 x FRS C) and align this work to the Projection Board / Building Risk Review project where external funding is available.	-1 x FRS D, - 1 x FRS C (OAC M29, Position Nos 430347, 430348) wef 01/04/2021. Permanent.		90,505	
48	Carbon Reduction Strategy	Stop the 'station switch off controls' programme of works that were agreed as part of the Carbon Reduction Strategy report LFC-0256		187,000	187,000	0

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
49	Fire Safety - 1 x Station Commander post	Re-introduce the Peak Activity Team (PAT) into the Area Delivery Team Structure - during Covid 19 Officers were reallocated to the area structure as an interim measure. Propose to formally initiate this in 2021 meaning that there is no longer a requirement for a Station Commander for this team	-1 x SC (OAC M14, Position No 430246) wef 01/04/2021. Permanent		79,412	
50	On station A Service Vehicle Inspection	Carry out the basic vehicle inspection as part of the vehicle maintenance regime on station.			71,419	
51	Increased in Residential income	The completion of the cottages refurbishment project at West Hampstead Fire Station will result in 8 new rooms being available to rent to staff.			67,200	
52	Emergency Planning Station Officer	The removal of a Station Officer position in Emergency Planning. This will require a reorganisation and reallocation of work streams for the event planning function.	-1 x STNO (OAC P19, Position No tbc) wef 01/04/2021. Permanent		63,043	
53	Additional Saving on contracts	Write to the main contractors and ask for savings proposals. This could result in a change to the operating model or performance regime. Contractors to be asked to provide ideas where minor changes to the operating model could lead to additional savings. The savings proposed are 2.5% of the annual service charge. These targets could be flexed.			61,376	
54	Reduction of Operations Manager	Reduction of one Station Commander currently within Operational Resilience –Special Operations Group	-1 x SC (OAC P19, Position No 440143) wef 01/04/2021. Permanent.		59,708	

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
55	People Services Apprentices	Removal of three apprenticeship positions within the People Services department. There is currently no capacity to set up and manage the scheme.	-3 x BAA (OAC P06, Position No 310146) wef 01/04/2021. Permanent.		58,893	
56	Desktop upgrade - software products no longer required	Software no longer required in the Windows 2019 desktop as they have been superseded by other products			56,839	
57	Scientific Support Units	Remove the Scientific Support Units' and rely on the current Detection Identification Monitoring provision. The saving represents the reduction in maintenance required with the units.			56,193	
58	Unused Hour Staffing – People Services	Unused Hours in established posts Ops Development Advisor Sub Officer x -0.34 Plan & Management Information Manager. FRS F x 0.34 Asst Management Info Off FRS C x 0.20 Health & Absence Adviser FRS Ex Health & Absence Management Assistant FRS B x 0.6	-0.34 x SUBO (OAC P03, Position No 310150) -0.34 x FRS F, -0.2 x FRS C (OAC P02 Position Nos 310027, 310036) -0.02 x FRS E (OAC P09 Position No 310214) -0.06 x FRS B (OAC P02 Position No 310223) wef 01/04/2021. Permanent.		55,250	

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
59	FRS E post 20/21 Operational Resilience	Loss of an FRS E post in 2020/21 by not recruiting to vacant post.	-1 x FRS E (OAC P11 Position No 440161) wef 01/04/2021		54,307	
60	Paging System Replacement	The Paging System will be replaced with a mobile phone app, subject to approval and re-alignment of operational policies.			52,000	
61	Radio Support Team Reduction	Delete 1 x FRS D post which is vacant and will have minimal impact of the team.	-1 x FRS D (OAC E67, Position No 250057) wef 01/04/2021. Permanent.		47,413	
62	ICT Contract Inflation	This reflects a reduction in inflation forecasts under RPI for a range of contracts in 2021/22 and 2022/23.			47,159	46,513
63	Cognos Licensing	The cost of the Cognos licences can be saved following the planned replacement of that reporting tool with Microsoft products.			43,718	
64	Cash savings (specific identification of cost saving TBC)	Cash savings determined from identified income within Operational Resilience.			41,255	
65	Backup Archive	Remove the off-site long term storage of system backup tapes.			36,000	
66	1 x FRS B Admin Assistant post	Reduction of 1 x FRS B Administration Assistant post from Operational Policy & Assurance departmental strategy and planning management team	-1 x FRS B (OAC P82, Position No 440160) wef 01/04/2021. Permanent.		35,477	

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
67	Additional Saving on Bureau Veritas	Write to Bureau Veritas and ask for savings proposals. This could result in a change to the operating model or performance regime. We would ask the contractors to provide ideas where minor changes to the operating model could lead to additional savings. The savings proposed are 2.5% of the annual service charge. These targets could be flexed.			32,615	
68	Reduce General Counsel Media and Research Budget	As a result of significant costs reduction through two 3 year contracts with our online legal reference material providers we are now able to reduce the Media & Research budget.			30,000	
69	Medical Welfare Services (occupational health contract)	The occupational health contract with Health Management provides for the cost of the contract being increased each year in line with an agreed formula. Health Management has not applied for the cost increase this year and this will result in an underspend. There is no direct impact upon occupational health service			30,000	
70	Light vehicle servicing	Reduce service frequency on light vehicles from 6 monthly to annually and based on mileage/usage. This saving assumes 30% of the annual cost is made up of one of the services events and this can be removed from reduced servicing.			30,000	
71	Union St. Catering Management Fee	No in-house catering service for staff or tenants in Union Street which will remove the requirement of a catering management fee.			28,000	
72	Radio Masts - FM Costs Saving	Savings in Fabric Maintenance budgets to be made as a result of the radio masts being disposed of at Shooters Hill and St Columba and decommissioned at Hillingdon			25,000	

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
73	GLA Payroll Shared Service	The LFB Payroll Team provide the GLA payroll function under a Shared Service agreement. This has been reviewed for 2020/21 and the amount charged to the GLA for the service has been increased to reflect the true cost of the service resulting in additional income.			24,269	
74	Unused Staffing Hours	Unused hours associated with 1xFRS B and 1xFRS C member of staff who made applications under flexible working and flexible retirement to be removed from budget.	-0.2 x FRS C, -0.4 x FRS B (OAC P02, Position Nos 310096, 310051) wef 01/04/2021. Permanent.		22,425	
75	Consultants budget	Reduction in property consultants budget following review. This service will be delivered through existing budgets			20,000	30,000
76	BMW i3 replacement with a reduced number	Review the number of cars which would result in a reduction in the size of the Pool car Fleet and would save revenue maintenance costs.			14,400	
77	Other Professional Services - Fire Safety	Other Professional services budget to be reduced following the review of current usage			13,000	
78	MOPAC Internal Audit Function	Proposed reduction in planned audit days following the improvements in Internal Audit productivity, the changing nature of the Authority's organisational structure, and increased automation in work processes			12,000	
79	Increase charge for external supply of LFB images (incidents)	Increase the cost of incident photos: this will provide an increase in annual income circa £11k			11,000	

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
80	FRS E Post in Operational Policy	Reduction of 0.2 x FRS E Strategy & Planning Manager post from Operational Policy & Assurance departmental strategy and planning management team	-0.2 x FRS E (OAC P82 Position No 320282) wef 01/04/2021. Permanent.		10,981	
81	FRS D Post reduction in Operational Policy	Reduction of 0.20 x FRS D Deputy Strategy & Planning manager post from Operational Policy & Assurance departmental strategy and planning management team	-0.2 x FRS D (OAC P82 Position No 440159) wef 01/04/2021. Permanent.		9,866	
86	Grade change - FRS C to FRS B	This is the position of an FRS C changing to an FRS B within the Operational Resilience Support team.	This has already been actioned via DA733. -1 x FRS C +1 x FRS B (OAC P19 Position No 440147) wef 01/10/2020. Permanent.		6,662	
90	Fitness Advice Team (FAT)	Revision of the Lead Fitness Adviser (FRS D E) job description to a Fitness Adviser (FRS D)	-1 x FRS E, +1 x FRS D (OAC P09, Position Nos 310212, 320232) wef 01/04/2021. Permanent.		5,574	
	Various Savings under £10k	This includes various smaller value savings including printers, stationary, medical aids, accommodation and travel budgets.			73,155	
99	Mobilising System mid contract refresh	The Capita contract includes an annual allowance for technical refresh of the Vision mobilising system and peripherals (terminals). This will be removed from the contract cost in the final years of the contract, if extended, and if a replacement mobilising system is procured.				216,000

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
100	Rapid Response Team (RRT) Overtime	Removal of the RRT overtime budget following the changes in the establishment noted in the RRT review LFC 0252, DMFD 72 will ensure the correct staffing model that will see a reduction in the need for overtime to deliver the Mass casualty recovery response. This will be implemented by 2022/23.				200,000
101	Building Fabric	A reduction in the planned maintenance to remove the general building checks which are completed every 6 months to identify faults and issues that need addressing.				140,000
102	Control Officer (part time)	Removal of a part time Control Officer post to support the delivery of Capital Guard. This work will now be resourced corporately.				44,902
103	Safety Event Reporting Database administration	The Health and Safety department have introduced a new Safety Event Reporting Database (SERD). Following the full integration of the system, it is anticipated that further automation could be introduced, and staff reductions made. This will be review as the system is embedded.				32,400
104	Data modelling budget reduction	Reduction in the budget is for data modelling and operational research based on current contract spend. Saving has been identified for 2022/23 due to expected demand associated with the London Safety Plan development.				30,000
111	Rental income	To seek new tenants for vacated or surplus accommodation at Union Street and across the estate.				1,400,000
112	Policy Team Review - Fire Safety	Further Review of one policy team to result in the removal of 1 x FRS F, 2 x FRS E, 1 x FRS D, 1 x FRS C and reduction in posts				268,698

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
113	Emergency Services Network (ESN) staff	Remove the unfilled posts of ESN Project Director - 80% x TMG A and Business Change Support Manager - FRS E.				168,714
114	People Services Staffing Review	Following the implementation of the HR/Payroll system in approximately 18 months a number of standalone systems will be decommissioned to make process more efficient. An outcome of this implementation will be increased self-service across the LFB. An internal restructure will assist with further efficiencies within People Services, this will be developed in future years.				150,000
105	1 X Group Commander from Incident Command	Reduction of 1 x Group Commander currently working on Grenfell related works streams				98,111
106	High Rise Premises Team - Fire Safety	Deletion of the High Risk Premises Team Station Commander - There is an expectation is that this will become a business as usual action going forward and be devolved to Areas.				79,412
107	1 x Station Officer from National Occupational Guidance Integration Project	Reduction of 1 x Station Officer from NOG integration project.				68,374
108	Call out for RPELO	Remove the Respiratory Protective Equipment Liaison Officer role. This capability would be replaced with a reduced out of hours capability and greater responsibility placed on duty 24/7 uniformed staff.				30,000

Appendix 3 Saving Proposals

	Saving Title	Saving Description	Establishment Change in 2021/22	In Year Savings 2020/21 (One year only) £	Saving in 2021/22 £	Additional Saving in 2022/23 £
109	Externalised Estates Management, bring in-house	Recruit specialist technical resource at FRS F in house and reduce the use of external Estate management consultant and associated fees.				5,000
115	General Office – Fire Stations	Reduction in general office budget due to increased number of staff working from home			4,363	
116	Smoke Alarms – Fire Stations	In year reduction in the smoke alarm budget for 2020/21 and a further one off saving in 2021/22 due to the impact of Covid-19 on activity.		43,462	56,000	
117	Training and Conference – T&PD	Following a review, a reduction in the external training and conferences budget		15,000	10,000	10,000
118	LFB Red Phone Rota	LFB red phone rota support to be moved from FRS staff who are paid a Special Responsibility Allowance to operational staff in the T&PD department when they are on duty		7,843	7,844	
119	HR and Payroll Replacement	Procurement of a new HR and Payroll system			98,000	(10,000)
120	Finance System Replacement Consultant	Reprofiling of the Finance System Replacement project			(109,000)	49,000

Appendix 4 – Growth Proposals

Reference	Growth Item	Description of Growth	Growth in 2020/21	Growth in 2021/22 £	Additional Growth in 2022/23 £
1	Face Fit Technicians	The introduction of Scott Aviva Half mask respirator – requiring the catch up and ongoing periodic face fit testing of all Operational personnel.		96,000	84,000
2	Daily Cleaning	This proposal is included as the additional cleaning requirements for Covid-19 are currently funded directly from the Covid-19 reserve. As a result of the covid19 pandemic there is a requirement to increase the cleaning across the estate. This is to allow for daily sanitisation, including weekends, of all high risk areas. This requirement is expected to continue beyond this financial year and may be required permanently. This growth bid is to cover the cost of this increased cleaning across the estate which cannot be contained within the existing budgets.		2,100,000	(2,100,000)
3	MEP Contract	Additional funding of £1.4m is required to support the reactive repairs service for mechanical, electrical and plumbing services (MEP). This contract provides services to ensure the buildings remain safe for occupation and provide critical services such as heating, hot water, lighting and power. This additional funding is required to ensure budget remains available to repair faults and issues. If this is not made available, we will no longer be able to address faults and buildings may become unavailable.		1,400,000	
4	Building decorations budget	Increased to the base budget for building decorations will be required based on contract review and inflationary increase of 25% since previous contract tender.		196,000	
5	Director of People Post (see Changes to Management Report LFC 0345)	Director of People post. The budget includes funding from reserves for the first two years of the TDP, with the ongoing costs for subsequent years built into the base budget and forming part of the budget gap to be addressed as part of the budget process.		120,000	
6	Merton LOC - enhance security	Provision of additional security guard at site. A review of current security arrangements by SOG and Property at site concluded that 2 guards on 24/7 were required to provide the correct level of cover at this critical site. The additional cost would be £120k per year.		120,000	
6a	Corporate Management Secretariat	New Chief of Staff to the Commissioner (TMGC – to be confirmed)		108,281	

Appendix 4 Growth Proposals

Reference	Growth Item	Description of Growth	Growth in 2020/21	Growth in 2021/22 £	Additional Growth in 2022/23 £
7	ICT department	Modelling and operational research - ORH contract - It is anticipated that an additional requirement is likely in the development of the LSP. This growth is seen as a short term requirement and will be reviewed in future budget years		70,000	
8	FM contract costs (Facilities Management)	Operational Support Centre premises are substantially larger than the former facilities and this will result in higher costs for FM maintenance contract and utility costs for the new building, even after allowing for any reductions on the former premises.		55,000	
9	External Audit	External Audit - E&Y Scale fee Costs - 2019/20 increase.		47,200	
10	GLA TM Shared Service	GLA Treasury Management Shared service- increase from £42k to £79.2k		37,200	
11	Wellbeing	2 x Fitness testing officers plus one fitness adviser FRS D.			164,154
12	ICT department	Licence cost and associated supplier support to use the Incident Command Operating Software as required by the Command Unit Project. These costs will be refined during a procurement exercise.		250,000	
13	DaMOP Legacy	This growth bid is to enable a transition from the DaMOP project into business as usual, with 0.2 FRS G; 2x Station Commanders; 3x Station Officers; 1x Sub Officer; 1x FRS B		490,000	
14	Cultural Change Inclusion Team	Request to grow the Inclusion Team with an FRS D - Inclusion Governance and Assurance Officer post to support with the new responsibility to monitor delivery of the Togetherness Strategy.		49,332	49,332

Appendix 5 - Risks and Opportunities to the Financial Position

Risks

1. Covid-19 Pandemic

- 1.1. The **Covid-19** continues to present significant risk and uncertainty to the LFB.
- 1.2. The Brigade has incurred substantial additional costs in adapting the way it delivers its services, with for example, requirements for **additional PPE and cleaning**. The ongoing nature of the pandemic means that the risk of further additional costs remains.
- 1.3. The Brigade has also incurred additional costs as part of the **emergency services response** in London, in particular as part of the Ambulance Driver Assist (ADA) with the London Ambulance Service (LAS). A new charging model has been agreed with the LAS for ADA support.
- 1.4. **Additional funding** is being pursued to help offset these additional costs, including from the GLA and Home Office as well as cost recovery from the LAS.
- 1.5. Covid-19 is also impacting on funding uncertainty in the current and future years, as reflected by the increased funding in the Mayor's Final Draft Consolidated Budget for 2021/22. Covid-19 is also impacting on the resources available to Government and this presents the risk of a negative outcome from future Spending Reviews.
- 1.6. Increase in Shut in Lift incidents and the impact on budget for future years.

The pandemic is painting a changing picture regarding SIL and how we might be able to consider our cost recovery – through ability of Local Authorities to pay debts to a reduction in Sil numbers of attended call outs.

2. Firefighter and Local Government Pension Schemes

- 2.1. There was a material increase in the cost of employer contributions for the existing firefighter pension schemes, following the **scheme valuation 2016**. That increase was assessed at £25m and is largely as a result of changes, by Government, to the discount rate used in valuing future liabilities. A grant of £22m has been provided to offset this pressure in 2019/20, 2020/21 and is also confirmed for 2021/22. As this funding would then have been provided for three years, it is assumed that this will be confirmed as ongoing in the 2021 Spending Review from 2022/23.
- 2.2. The Fire Brigade Union notified LFC, along with 49 other Fire and Rescue Authorities (FRAs), of a **discrimination claim** in connection with the transitional arrangements applicable to the 2015 Firefighters Pension Scheme, as explained in FEP2506. The tribunal ruled in favour of the claimants. The Government and FRAs sought permission from the Supreme Court to appeal the Court of Appeal's decision, however, was denied, with the case returning to the Employment Tribunal for a remedy to be determined. The Government consultation setting out options for the remedy recently closed, and further advice on the outcome is awaited. It is expected that the remedy will be implemented from 2022, as this may have significant cost implications for the LFC, depending on the level of additional Government funding provided. The remedy is made more complex as it may need to address the issue on a range public sector pensions, including the LGPS.

3. London Pensions Fund Authority (LPFA) Pensions Administration

- 3.1. The London Pensions Fund Authority (LPFA) and Lancashire County Pension Fund have formed a strategic partnership and from April 2016 created a wholly owned company,

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Local Pensions Partnership (LPP), to manage pension fund investment activities (only on the Local Government Pension Scheme (LGPS)) and also to provide pensions administration services, including to third party clients on the LGPS and the Firefighters' Pension Scheme (FPS). It was agreed (LFC-0361) that the LFC should continue the current shared service arrangement with the LPFA/LPP for the administration of the FPS. This allows continuity on the pensions administration through the very challenging period expected to implement the charges to the pension scheme on the remedy to the pensions case mentioned 1.2 above, as well as providing an opportunity for the LPP to embed its new business and costing model.

4. Pay and Inflation

4.1. The Covid-19 pandemic continues to provide uncertainty, and this may result in high levels of sickness and/or self-isolation among all staff groups within the LFB. In order to maintain resilience in front line response, the LFB will need to maintain contingency arrangements to ensure adequate fire cover continues to be delivered across the organisation. This could potentially result in increased staff payments including overtime and recall arrangements, the potential use of the LFB's emergency fire crew contract and other financial pressures.

4.2. Increase in overtime spend and impact of planned reduction in spend.

Whilst work has started to address the impact of the overtime costs to date, this may mean a significant impact on our ability to address areas of the transformation plan looking forward, as some of the overtime cost relates to the back filling of staff detachments to support the delivery of the TDP i.e. through training etc. This will be alongside a review of the current station operating model.

4.3. LFC has made a budget provision for a 2% **pay award** for all staff in each of the next three years from 2021/22 to 2023/24. Although this remains a risk as 2% is the budget for cost-of-living pay increases across all staff groups; the public sector pay freeze the public sector pay freeze make it less likely. It will all depend on whether the FBU persuade the national employers they are a special case, and if they do, we expect there will be pressure for the FRS pay settlement to mirror the NJC. The TMG pay freeze has already saved a certain amount of next year's pay budget.

4.4. Discussions taking place regarding a 2% pay award for all firefighters up to and including the rank of Group Commander linked to the work associated with a Marauding Terrorist Attack (MTA),

4.5. From a Control perspective there is the potential move to a new shift system – identified in the budget return but this is subject to agreement from the trade unions (which is still being discussed). There is also money allocated through the Transformation Fund regarding the reconfiguration of the Control room (again identified in the budget return). In addition, there will be CoVID related impacts as more staff self-isolate and PAO is needed to plug any gaps.

4.6. **Transformation** -Insufficient budget when formal restructure occurs of current departments under transformation directorate (separate to transformation team funding).

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4.7. Covid -19 has led to significant economic uncertainty. The impact of this is currently unclear, and so preparing forecasts for increases in general inflation remains difficult.

5. Capital Expenditure and Financing

5.1. The capital budget is subject to change during the year. Initial project specification is key as it is important to keep variations to projects to a minimum, as change once a project has been agreed and commenced may result in additional costs. However even a well-managed project can be subject to **re-phasing or deferral** due to a number of unforeseen issues, such as failure or default on the part of the contractor or exceptionally adverse weather conditions. This can also impact on funding requirements which in turn may have a debt charge (cost of borrowing) revenue impact.

5.2. All capital projects will require **third party collaboration** to varying degrees over the project life. The programme depends heavily on external factors and therefore can be subject to variation with the potential for delays in project delivery and revised cash flow requirements. The capital programme is managed in departments, with regular reporting in to Finance where all changes to the programme are reviewed and substitution projects or re-financing proposals are assessed and reported to Commissioner's Board to be agreed.

5.3. The debt charges arising from the capital programme have been calculated using the current forecast Public Works Loans Board (PWLB) rates. No allowance has been made in the capital programme for potential future **capital grants or contributions** and LFC will bid for available capital resources as and when such opportunities arise.

5.4. Debt charges are liable to increase if forecasted Capital receipts for 8 Albert Embankment and Clerkenwell are not received in the year forecast, the value reduced or if they are not received at all.

5.5. **Operations Support Centre (OSC) Project (formally IELP)** – Fit out of the site is almost complete however there is a risk that additional expenditure requirements maybe identified as part of finalising the project.

5.6. **Fleet and Equipment** - 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. Existing vehicles may need to be replaced early than their expected replacement date, bringing forward capital expenditure.

5.7. **Contingencies for the Capital replacement projects** - As Technical and Service Support refines and develops its capital forecasting and seeks to improve its contingency planning there is a risk that a reduction in the contingency budgets will result in unplanned expenditure if a particular project goes well over budget.

5.8. As part of the **ICT** project to upgrade the desktop environment **cloud based services** will be utilised for Microsoft office products. These products are offered in a variety of packages and LFB has selected a mix of these that best suits the business use identified by the project. There is a risk that the allocation of licences associated with this may not provide sufficient functionality or allow appropriate levels of integration with other applications. The likelihood is low, however should it arise the cost implications could be significant with a maximum annual revenue requirement of some £0.7m.

5.9. The capital projects programme has been impacted by both Covid-19 disruption on site and delays due to obtaining planning permission. Property have reprofiled the capital

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plan for 20/21 factoring in these risks and this results in circa 50% of spend being carried into 21/22. The delays to meeting the target deadlines will be considered as part of the capital monitoring process and there may be additional costs. As a result, further reprofiling has been undertaken for 21/22 to smooth the impact of the COVID plan to create a deliverable capital spend target to ensure the correct investment in the team.

- 5.10. Of the 10 LSP5 sites, nine have been sold. London Borough of Islington has confirmed withdrawal from the purchase of this remaining property at Clerkenwell. Clerkenwell is targeted for sale in 21/22 however this may be impacted by the disposal market conditions.
- 5.11. LFB has a further site on the market in Shooters Hill which may require additional planning applications to realise its full value, thereby putting back the date of receipt.
- 5.12. The primary revenue risk to estates is the Rent Review on Union Street. The Landlord has submitted a request for a significant rent increase and had an arbitrator appointed by the RICS to settle this negotiation. LFB Property are continuing to negotiate this matter which is commercially sensitive.
- 5.13. The **energy budgets** continue at a less cautious level than seen in the past, and as a result continues the risk of overspends in future years, for example because of a colder than average winter.
- 5.14. The LFB **Croydon Training Centre** project is currently on hold due to budget savings considerations, the outcome of which is yet to be determined. A revised forecast of £15.5m was approved for the new Training Centre in July 2017, along with a revised profile of expenditure over the life of the project. With the project on hold, the cash flow for this slipping towards the next financial year. There will be no further expenditure on this project in the current financial year. Until a decision is reached, formal re-profiling will not be carried out by the consultant team.
- 5.15. As Technical and Service Support refines and develops its capital forecasting and seeks to improve its contingency planning there is a risk that a reduction in the contingency budgets will result in unplanned expenditure if a particular project goes well over budget.

6. Funding from the Mayor and Central Government

- 6.1. This report includes the Mayor's indicative funding allocations for LFC for planning purposes covering the next two 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**.
- 6.2. It is expected that a spending review by Central Government will cover the financial years from 2022/23. The result of that spending review may then materially affect the funding for fire that the Mayor receives. It would then be for the Mayor to decide what impact, if any, there is to LFC's financial position.

7. Collaboration, New Initiatives and Service Improvements

- 7.1. 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

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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. LFB budget plans include a saving of £277k in 2024/25 for disbanding the ESN project team and whilst ESMCP have not yet issued a revised project timeline to deliver ESN, from what is known it will be 2023 at the earliest before the Brigade can transition to the new system. The revised Full Business Case for ESN has not yet been agreed within Government and it is currently uncertain when any financial impacts for LFC will be known. Once known the budget plans will be updated accordingly.

- 7.2. Evaluations are currently underway for a new Command Support System (iCOS). As a preferred supplier has yet to be appointed, it is not known what the likely costs of the new system will be. Plans have been developed at £250k revenue and £600k capital funding based upon information received from the suppliers, however until actual contract award there remains a risk that these sums may be insufficient.
- 7.3. There is a similar risk in respect to the OneRisk system which is system is being introduced to replace the legacy systems for the collection and management of Fire Safety and Operational risk information. The project is still in the requirements gathering stage and it will not be until we go to market that actual costs will be known, and the adequacy of the planned funding determined.
- 7.4. Central government funding has been provided for the National Fire Chiefs Council (NFCC) Building Safety Team hosted by the LFB, and with a number of seconded officers. If this funding were to cease those officers would return to their base postings at LFB but there is likely to be a need to commit to shaping the wider for Safety landscape during the implementation and refinement of the Hackitt recommendations for which LFB has so far played a pivotal role. However, Central Government funding remains in place at this stage.
- 7.5. Discussions remain ongoing with the Valuation Office and the LFB's property agents Dron & Wright regarding business rate revaluations and a revised basis of valuation across all fire stations in London. It is currently estimated that an average rateable reduction of 9% could be applied and backdated to 2017. Therefore, the LFB could potentially receive a £3m refund in 2021/22 and achieve an ongoing £0.6m saving per annum. When the outcome of these discussions is known the medium term plan will be updated.
- 7.6. Despite **agile use of working space at both Union street** and other locations across the LFB estate there is continued pressure for office space at Union Street, particularly in light of growth in teams (e.g. Cadets & Fire Engineers) and business improvement options including, but not limited to, a central hub to manage building consultations (linked to Government Building Safety Programme and the Hackitt outcomes). Budget pressure may be incurred due to seeking further accommodation close to Union Street or reviewing building occupancy by rent paying tenants as part of an overarching property strategy. Covid-19 and the transformation plan mean that this risk is being reviewed and updated, alongside the LFB workplace policies. This may create a cost pressure to provide flexible and collaborative workplaces.
- 7.7. Property have restructured several budgets in readiness for the end of the KBR Integrator contract March 21. Property are continuing the service transformation and the next milestones are to launch the new tools and embed the revised ways of working

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- 7.8. Property Services are leading on several new initiatives across LFB including the creation of a more diverse office estate and providing gender neutral accommodation.
- 7.9. The **Transformation Delivery Plan**, including actions to address the Grenfell Tower Inquiry and HM Inspectorate of Constabulary and Fire & Rescue Services recommendations, continues to develop and evolve, and there is a risk that further financial pressures and may emerge.
- 7.10. The Brigade delivers its Mass Casualty Response (MCR) initially by the Rapid Response Team (RRT) supported by a cadre of Senior Officer Responders. The response has minimum standards set by the Home Office relating to responders' numbers that must be available. At a time when the UK threat level is at Substantial meaning an attack is likely, the budget to support this response is essential. These cadres deliver the response on a voluntary basis outside of a national agreement with the representative bodies. The strategic direction is to reach agreement and deliver this response via a tiered model with a blended approach using frontline and specialist assets. Following several terrorist attacks in London since 2017 the Brigade's and the national fire service response has come under scrutiny. The response is an important part of the Brigades response to terrorism and the funding required must be protected or it will leave the Brigade with considerable risk against a range of threats noted in the National Security Risk Assessment (NSRA). These detail of the capability and response has security implications with some Operations protectively marked a SECRET, the information is therefore not publicly available

8. Compensation Spend

- 8.1. Expenditure on settling personal injury claims in 2020/21 has been high and significantly exceeded the budget provided of £555k and required a full draw from the compensation reserve. After this draw there remained unfunded expenditure, as reported to Commissioner's Board.
- 8.2. As expenditure in 2020/21 has been well in excess of the spend in past years, the budget has been increased from 2021/22 to provide additional funding, with this at a level equivalent to the average annual charges over the last four years, rather than simply increasing this to the level seen in 2020/21. There is a risk of overspend again in 2021/22 if new liabilities are at the level seen in 2020/21, but there would also be a risk of underspend, and savings being made elsewhere unnecessarily, if the budget was increased to match spend in 2020/21. The position will be kept under review and consideration given to further adjustments to the budget as the position develops.

9. Contractual Pressures/ Risks

- 9.1. 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. Changes to the equipment base may introduce support pressures as there may be a significant increase in the number of support calls arising from the deployment of personal issue kit to all non- station staff. In order to provide effective support an additional service desk operator may be needed alongside additional technical resources.

Appendix 5 - Risks and Opportunities to the Financial Position

- 9.2. **Network Bandwidth** - As pressures build for in-line services it may become necessary to increase both bandwidth to Stations and to support the Wi-Fi infrastructure. The current design of the network infrastructure was put in place prior to the changes in ways of working that the pandemic has introduced and this may not be sufficient as we emerge into a more dynamic ICT infrastructure environment. This may require increased capacity to all sites with potential costs of up to £500,000 a year.
- 9.3. **Accessibility** - An increased requirement for accessibility software may result in a change to the desktop software model adopted at Fire Stations. In order to provide an integrated solution, there may be a requirement to provide locally installed office products with potential costs estimated at £150,000.
- 9.4. Price increases from Thames Water which could affect the **Water Team** budget in Procurement. It is still being worked up and refined, however the cost for Hydrant Renewals has tripled from £1,273 to £3,985. Other alternatives are still being sort as Thames Water have engaged a new contractor who are valve specialists. They are able to repair hydrants that Thames Water could not previously repair. This means that the number of Hydrant Renewal POs should fall. LFB will still pay for the repair but it will be at a significantly lower cost, £389 (a tenth of the cost to renew).

10. Changes to Income

- 10.1. **Telecommunications income** in respect of radio masts may be reduced in the future due to a reduction in the number of operators in the industry and a potential change to legislation on access to land by operators. LFB have responded to the government consultation on this matter.
- 10.2. In addition, there is risk to other sources of **income in the estate** due to the changing operating models used by tenants as a result of new ways of working from COVID. This has resulted in tenants in the estate not renewing their licences/leases in several properties including Holloway and Union Street. To mitigate this Property are actively seeking new income and collaboration opportunities.
- 10.3. The saving proposals from 2017/18 and continuing over the current planning period include material savings for income generated through the (Metropolitan Fire Brigade) **MFB Act**. This budget has recovered more income than budgeted in recent years, in part because of the prudent assumptions used when calculating the budget requirement. These additional savings therefore set the budget at a less cautious level, and as a result increase the risk of overspends in subsequent years.
- 10.4. It is currently expected that the majority of the **Legal costs** related to the Grenfell Investigation would be recovered under LFC's insurance. Any variation to this forecast recovery during 2021/22 may result in a greater shortfall than currently anticipated, which would need to be met by LFC. Discussions are ongoing with insurers as claims are submitted, and work is continuing in this area.
- 10.5. The **General Counsel** departmental budget includes an income budget of £135k. A majority of which is for the recovery of legal fees in successful fire prosecution matters. However, COVID-19 has had an impact on judicial proceedings with cases being adjourned etc. It has also been suggested that even in successful cases any awarded costs may be lower due to the possibility that courts may take into account the impact of COVID on businesses and their ability to pay. The risk therefore is that recovery may not meet the income budget.

Operational Policy

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- 10.6. **Urban firefighting & rescue course:** In the 'Proposed Training Solution for the Introduction of revised policies: Fire survival guidance (PN790); High rise firefighting (PN633) and the new Evacuation and rescue policy report, which was agreed at CB on the 29 July 2020, the 'Phase 3' section of the report refers to a new 'Urban firefighting & rescue' course. This course once scoped and costed will be the subject of a further report. If agreed this course would be for all FF's and supervisory managers so circa 4000 staff, with anything from 1,200-1,500 staff requiring training every year. Costs are not available as yet.

Communications

- 10.7. An emerging risk is uncertainty with regards to the pandemic, which affects some budgets including events management (with events that cannot happen generating underspends in year and potentially next) and also the print budget, with fewer print jobs being required.

Appendix 6 - Equality Impact Assessment

1. What is the name of the policy, project, decision or activity?
Budget 2021/22 – agreed savings proposals

Overall Equality Impact of this policy, project, decision or activity (select once EIA is completed):

High		Medium	X	Low	
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2. Contact details	
Name of EIA author	Abby Crawford
Department and Team	Inclusion, People Services

3. Aim and Purpose	
What is the aim and purpose of the policy, project, decision or activity?	To set out the budget 2021/22 for London Fire Brigade. The 2020/21 March Budget report presented the budget gap over the four years up to 2023/23. That report agreed a deficit of £4.8m for 2020/21 to be met from the budget flexibility and transformation reserves, which had been established for that purpose. The report also then showed a much larger draw of £25.1m in 2021/22 to meet the deficit in that year and a budget gap of £35.1m by 2022/23.
Who is affected by this work (all staff, specific department, wider communities?)	LFB staff.

4. Equality considerations: the EIA must be based on evidence and information.	
What consultation has taken place to support you to predict the equality impacts of this work?	Consultation with Trade Unions, Inclusion Team.

5. Assessing Equality Impacts

1. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when exercising LFB functions and taking decisions.
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.
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. The Public Sector Equality Duty requires us, in the exercise of all LFC functions (i.e. everything the LFC does), to have due regard to the need to:
 - (d) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - (e) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - (f) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
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:
 - (d) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - (e) 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;
 - (f) 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. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
7. 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—
 - (a) tackle prejudice, and
 - (b) promote understanding.
8. In June 2020 all Heads of Service received Budget Guidance from the Head of Finance, outlining the requirements for budget setting. This document included specific guidance on when and how to undertake an Equality Impact Assessment on proposals. Guidance stated 'the more the proposal affects staff or service users, the more relevance it will have to equality issues. You should undertake an EIA if your saving or growth proposal:
 - Affects employees or service users directly; or
 - Will result in a major change in the way we deliver a function; or
 - Relates to functions that are important to a particular group; or
 - Could affect different groups in different ways; or
 - Relates to an area with known inequalities.
9. In addition, Heads of Service were reminded of the Mayor's Budget Guidance provided the following guidance in relation to equality impacts, at 5.3 and 5.4:

5.3 It will be a key objective for London's recovery to address the social and economic inequalities that have driven differences in the impact of Covid-19 across London's communities, as well as the inequalities created as a result of the crisis itself. In reviewing and repurposing their budgets to support London's recovery all members of the GLA Group must consider what steps they can take to address these inequalities.

5.4 All members of the GLA Group must also assess their wider budget proposals to consider both their potential impact on different groups of Londoners (including, but not limited to, those protected by equalities legislation), and are encouraged to consider how they can broaden their activities to further address poverty, economic inequality and social integration in London.
10. The Inclusion Team have been consulted on a number of equality impact assessments and equality implications for individual proposals, mainly those which have potential to impact on staff in a significant way or which have potential impacts on different groups, including:

- Review of the Youth Services functions (impact on women and young people);
- Proposal regarding fitness advisors (impact on staff);
- Proposals regarding deletion of posts.

11. 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. These will be monitored through implementation of the action plans arising from individual EIAs.

Staffing Equality Impacts: Post Deletions

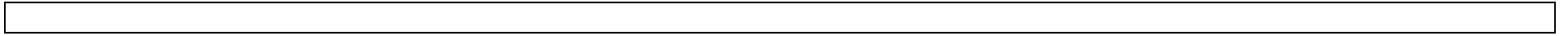
12. There are at least 41.52 (net) posts (final figure will be confirmed on 29 October 2020) which are proposed to be deleted within the savings proposals in this budget. Although the majority of post deletions relate to posts which are vacant, there are **seven** posts which are not vacant, and six of these are likely to be subject to redundancies (one deletion is two generic posts reducing to one). The equality breakdown of the current postholders of these seven positions are:

Age		Gender		Ethnicity		Disability	
Over 55	Under 55	Female	Male	BAME	Non-BAME	Yes	No
6	1	5	2	6	1	1	6

13. The table above demonstrates a clear adverse equality impact on ethnicity and gender, specifically affecting women and BAME staff.

14. Consultation with the Inclusion Team and Industrial Relations Team has identified an important mitigation, to reduce the adverse impact identified above. In the first instance all individuals will be given redeployee status, and the Brigade will actively seek to identify vacant posts that they can be directly redeployed, or assimilated, into.

15. This mitigation, however, is subject to recruitment continuing at the current rate. Should recruitment not continue at the current rate, assurance has been sought by the Assistant Director, People Services, that the exception criteria (where Directors may approve recruitment even where this has been advised to pause) will explicitly apply to the group of individuals referenced above.



7. Legal duties under the Public Sector Equality Duty (s149 Equality Act 2010)	
How does this work help LFB to:	
Eliminate discrimination?	Each individual proposal which has been found to have potential or actual equality impacts will have an EIA undertaken as the responsibility of the budget proposal owner (usually Head of Service). As part of this they will identify opportunities to eliminate discrimination using the EIA template. The mitigations outlined above re: staffing impacts aim to eliminate any discrimination as part of the redeployment/redundancy processes.
Advance equality of opportunity between different groups?	There are a number of growth proposals submitted which provide an immediate and obvious opportunity to advance equality of opportunity (e.g. growing teams or expanding mental health support), and positive impacts are also expected to be captured as part of the individual equality impact assessment process. Where savings through staffing reductions have been identified, consultation will take place to ensure actions are taken to mitigate impacts – including utilising voluntary redundancy where requested and redeploying where posts are proposed to be deleted, to ensure equality of opportunity can be maintained.
Foster good relations between different groups?	Thorough consultation with Trade Unions, Equality Support Groups and the Inclusion Team has been advised throughout the budget setting process to identify opportunities to foster good relations between different groups. There is no immediate impact on this element of the Duty arising from this process.

Appendix 7 Capital Strategy

LFC Capital Strategy 2021/22 and Future Years

Introduction

1. The Capital Strategy outlines the London Fire Commissioner's (LFC) approach to capital investment, ensuring that it is in line with corporate priorities. These priorities are set out in the London Safety Plan (LSP), and Transformation Delivery Plan. The Capital Strategy supports the Brigade to deliver its purpose as an organisation trusted to serve and protect London, and delivery of the Mayor's priorities.
2. The Capital Strategy sets out a framework for the management of capital finance and along with the LFC Treasury Management Strategy covers the following areas:
 - Capital Expenditure and Investment Plans;
 - Prudential Indicators;
 - External Debt; and
 - Treasury Management.
3. The Capital Strategy addresses the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, which sets out a requirement for local authorities to produce a Capital Strategy to form part of its integrated revenue, capital and balance sheet planning.
4. The Mayor's Budget Guidance 2021/22 also includes specific requirements in relation to the Capital Strategy, not least of which to have 20 year capital ambition, investment and funding plan
5. The Capital Strategy has been prepared as part of the budget setting process, and forms part of the budget submission to the Mayor, approved by the LFC. This final Capital Strategy has been updated and is recommended for approval by the LFC. This is an annual requirement with a Capital Strategy published in draft as part of the budget submission to the Mayor in November and a final Capital Strategy approval by the LFC in March of each year.

Benefits

6. The Capital Strategy demonstrates that the LFC takes capital expenditure and investment decisions in line with service objectives, and properly takes account of stewardship, value for money, prudence, sustainability, risk and affordability.
7. The key benefits of the Capital Strategy are to deliver a capital programme that;
 - 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 Transformation Delivery Plan;
 - links to the LFC's Asset Management Plan and other LFC Strategies/Plans, such as the sustainability strategy;

Appendix 7 Capital Strategy

- is affordable, financially prudent and sustainable;
- ensures the most cost-effective use is made of the existing assets and new capital expenditure; and
- supports delivery of the Mayoral policies and objectives.

Approach

8. The Transformation Delivery Plan sets out the London Fire Brigade'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". It also addresses the recommendations from the Grenfell Tower Inquiry and the HM Inspectorate of Constabulary and Fire & Rescue Services.
9. The Strategy has been derived largely from the Asset Management Plan, the ICT Strategy, the Fleet Replacement Plan, LFB's Sustainability Strategy and the Treasury Management Strategy. It has been developed to ensure that it reflects the LFC's ambitions to both drive and take advantage of innovations that can help improve both service delivery and value for money.
10. 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.
11. 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.
12. 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:
 - all cars in support fleets to be zero emission capable by 2025;
 - all new cars and vans (less than 3.5 tonnes), including response vehicles, being zero emission capable from 2025;
 - all heavy vehicles (greater than 3.5 tonnes) to be fossil fuel- free from 2030; and
 - zero emission fleet by 2050.
13. 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.

Appendix 7 Capital Strategy

14. The Treasury Management Strategy Statement 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 GLA Group Investment Syndicate (GIS).

Influences

15. 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 most 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

16. The Capital Strategy strives to address Mayoral policies as follows.

Ensuring London is:

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- a) A city that meets the challenges of economic and population growth in ways that ensure a sustainable, good and improving quality of life and sufficient high quality homes and neighbourhoods for all Londoners and help tackle the huge issue of deprivation and inequality among Londoners, including inequality in health outcomes.

The Capital Strategy will support this policy as follows.

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

The Capital Strategy will support this policy as follows.

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

20 Year Capital Ambition

17. The 20 year capital ambition programme has been based on the LFC's current capital programme plus the on-going future capital requirements to keep the business operating at current levels.
18. The LFC capital spending plans for the five years to 2024/25 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.

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Table 1: Capital budgets and financing 2020/21 to 2024/25

Capital Scheme	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	TOTAL £m
Property						
Major Refurbishments	1.261	0.880	4.738	4.400	4.060	15.339
New developments	1.039	13.383	11.001	1.300	1.553	28.276
Minor Works	2.697	5.030	4.874	4.641	6.041	23.283
Sustainability Works	1.362	3.470	4.407	2.415	4.203	15.857
Appliance Bay Doors	0.838	0.938	0.622	0.400	0.478	3.276
Property Total	7.197	23.701	25.642	13.156	16.335	86.031
Fleet Replacement Plan	11.843	22.327	3.614	0.018	3.416	41.218
ICT Projects	1.866	4.369	5.703	6.299	6.901	25.138
Communications Project	0.119	0.040	1.120	1.104	0.000	2.383
Operational Policy Equipment	0.000	8.200	0.000	0.000	0.000	8.200
Total Expenditure	21.025	58.637	36.079	20.577	26.652	162.970
Capital Financing						
Capital Receipts	1.529	50.800	11.000	0.000	0.000	63.329
Capital Grants	1.865	0.000	0.000	0.000	0.000	1.865
External Borrowing	17.631	7.837	25.079	20.577	26.652	97.776
Total Financing	21.025	58.637	36.079	20.577	26.652	162.970

19. A further 15 years, from 2025 to 2040, 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. This further element has no funding identified and it is anticipated that the funding gap will be addressed by borrowing. The element of the capital spending plans is set out in the table 2 below.

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Table 2: Capital Ambition 2025/26 to 2039/40 and Ambition Gap

Capital Scheme	Years 2025- 2030 £m	Years 2030- 2035 £m	Years 2035- 2040 £m
Property			
Major Refurbishments	51.334	32.547	37.733
New developments	15.677	19.681	22.815
Minor Works	21.238	23.465	27.203
Sustainability Works	11.309	12.337	14.304
Appliance Bay Doors	2.613	3.027	3.509
Property Total	102.171	91.057	105.564
Fleet Replacement Plan	137.251	59.440	3.972
ICT Projects	13.391	40.076	28.478
Communications Project	0.000	0.000	0.000
Operational Policy Equipment	7.095	10.164	4.714
Total Capital Expenditure	259.908	200.737	142.728
Capital Financing			
Capital Receipts	0.000	0.000	0.000
Capital Grants	0.000	0.000	0.000
3rd Party Contribution	0.000	0.000	0.000
External Borrowing	48.000	37.000	37.000
Total Financing	48.000	37.000	37.000
Unfunded Capital Expenditure	211.908	163.737	105.728

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

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21. 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. Three quarters of fire stations are classified as being in a satisfactory or good condition. A recommendation for each fire station has been made based on its condition, functional suitability, development value and location, and classified as follows.
 - Fire stations requiring replacement and relocation.
 - Fire stations identified for re-development
 - Fire stations identified for major refurbishment/rebuild
 - Fire stations requiring minor capital works
 - Fire stations where no works are required.
22. 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.
23. 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

26. 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.
27.
 - **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 (MRP). Loans are sourced in discussion with the GLA and from the Public Works Loan Board (PWLB).
 - **External Capital Grants** - Grants are awarded to the LFC from Central Government and other third parties. Most grants are now policy specific and are awarded through a bidding process. The LFC bids for grant funding as and when opportunities arise.

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- **Capital Receipts** - The LFC can generate capital receipts through the sale of surplus assets. This is a limited resource as the majority of the LFC's assets are currently in operational use as part of front line service delivery and response. The programme includes the sale of the former Clerkenwell fire station, and the former Headquarters at Albert Embankment but the timing and value of the receipts is yet to be finalised. There is the risk that some of the planned capital disposals will not complete. The timing and value of the capital receipts may also be further delayed or reduced due to planning requirements and changes in market conditions.

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

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

28. 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 now need to be reliant on borrowing from 2020/21, this has been caused by delays in forecast receipts materialising and the need to reprofile the capital programme from current to future years. The reliance on borrowing will cause additional capital financing costs, which will add to the pressure on the revenue budget
29. The table below summarises capital expenditure and debt charges (loan interest and annual MRP change) compared to the estimated debt charges budget from 2025/26 onwards. The future debt charge budgets have been based on the 2024/25 budget of £11.683m 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.

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Table 3: Capital Expenditure Financed from borrowing and Forecast Revenue costs for Interest and MRP Charges 2025/26 to 2039/40

Future Years	Capital Expenditure £m	Financed from external borrowing £m	Debt Charges £m	Budget £m	Budget Pressure £m
2025/26	44.321	44.321	20.895	12.033	8.862
2026/27	21.408	21.408	23.494	12.394	12.100
2027/28	52.747	52.747	22.919	12.766	10.153
2028/29	64.140	64.140	25.985	13.149	12.836
2029/30	77.293	77.293	30.520	13.543	16.977
2030/31	86.624	86.624	36.809	13.950	22.859
2031/32	18.470	18.470	45.839	14.369	31.470
2032/33	33.286	33.286	46.301	14.780	31.521
2033/34	32.781	32.781	49.316	15.244	34.072
2034/35	29.576	29.576	47.956	15.701	32.255
2035/36	26.026	26.026	48.310	16.172	32.138
2036/37	22.411	22.411	46.630	16.657	29.973
2037/38	26.924	26.924	47.163	17.157	30.006
2038/39	39.963	39.963	45.015	17.672	27.343
2039/40	27.404	27.404	46.403	18.202	28.201

29. The Minimum Revenue Provision has been based on varying assets life depending on the areas of the capital programme that require borrowing. The asset life has also been taking into out when looking at the length of borrowing, but with a flat interest rate of 2.5%)
30. Based on current estimates, the level of debt charges is expected to steadily increase over the period to 2033/34 resulting in a substantial increase in debt charges to almost £50m, it then slightly tails off £46m in 2039/40,
31. The Budget Pressures have reduced since the Budget Submission to the Mayor in November 2020 (LFC-0432), this is due to a change in the interest calculation. The proposed interest on borrowing has reduced to 2.5% after advice from our Treasury Management consultants following a 0.5% reduction in PWLB rates towards the end of 2021. We have also assessed the length of borrowing based on the asset life of the capital expenditure that is being funded. In the draft budget submission, it was assumed a 15 year period on all borrowing, whereas for this submission we have split the Asset into short term (5 years) and long term (15 years). The LFC is regularly looking at and reviewing the way in which the debt charges are calculation and will continue to do so in 2021/22.

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32. The forecasted capital expenditure figures are based on current capital spend projection which includes an inflationary increase of 3%. These figures are liable to change with the following risk items.
- The potential impact of Increased costs of purchases/delivery of projects based on new EU – UK trade agreements following Brexit.
 - The effects of the Coronavirus pandemic and the impact on the delivery of projects.
 - Potential future interest rate rises.
 - The availability of resources to deliver the capital programme.
33. The table indicates a revenue pressure from additional borrowing costs of over between £8m and £34m in the absence of alternative funding sources. 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.
34. A review of the Capital Programme will take place in 2021/22 to look for any potential schemes that can be removed or for alternative methods of delivery to look to reduce the future budget shortfalls.

Options to bridge funding gap

- 32 The LFC will need to consider options on how to bridge the funding gap and ensure that future years capital expenditure is affordable, as part of the development of the next London Safety Plan from 2022/23. Possible options to consider are provided below.
- Provide a revenue contribution to fund the capital programme.
 - Pursue possible alternative funding/service delivery options.
 - Reduce the level of the capital programme.
 - Secure additional resources – GLA/Government.

External Debt

33. All borrowings are from the Public Works Loan Board (PWLB) and LFC's current and forecasted outstanding debt after maturities is shown in the table below. This excludes any new borrowing requirements of the capital strategy from 2020/21.

Table 4: External Debt

As 31 March	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	2030 £m	2035 £m	2040 £m
PWLB Loans	55.725	52.725	48.725	46.725	43.225	26.500	23.500	16.500

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34. Interest charges will be based on forecast PWLB interest rates. Any further effects of the pandemic could change these rates significantly as well as the cost to replace of the LFC fleet.
35. Table 5 below sets out the prudential limits for 2020/21 to 2023/24

Table 5: Prudential Limits

Approved Borrowing Levels £k	2020/21	2021/22	2022/23	2023/24	2024/25
Operational Boundary	220,000	240,000	240,000	240,000	240,000
Authorised Boundary	225,000	245,000	245,000	245,000	245,000

Other Long Term Liabilities

36. LFC has other long term liabilities which include PFI contracts for fire stations and a finance lease for the Merton Control centre. The current and forecast outstanding long term liabilities are as follows.

Table 6: Other Long Term Liabilities

As 31 March	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	2030 £m	2035 £m	2040 £m
PFI	44.29	42.91	41.47	39.91	38.83	30.22	19.35	3.44
Finance Lease	18.43	18.43	18.43	18.43	18.43	13.53	0	0
Total	62.72	61.34	59.90	58.34	56.76	43.75	19.35	3.44

37. The repayment of the existing other long term liabilities is calculated through financial models – such as the PFI model which is audited each year.
38. 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.
39. The above table does not take into account the effects of implementing the new accounting standard IFRS16, where all leases/contracts that conveys the right to use an asset will be brought onto the balance sheet and long term liabilities will be created for the future rentals under these leases. The new accounting standard has been delayed and is not likely to come into effect from 1st April 2022, although preparatory work will need to take place during 2021/22. The Capital Strategy will be updated once the impact of the new accounting requirements has been assessed.

Risk Assessment

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40. The Capital Programme is subject to the following risks.

- A lack of affordable sites for new developments.
- Increased cost in delivering the capital programme due to inflation pressures/Brexit/limited number of suppliers that can provide specialist equipment/vehicles.
- The potential requirement to fund the replacement of National New Dimensions Assets which currently has not been factored in the capital requirements.
- Additional building costs required to support the deliver Zero Emission Pumping Appliances (ZEPA)
- Difficulty in obtaining planning consent for new developments and refurbishments.
- Third party collaboration and contractor capacity to deliver, as all capital projects will require varying collaboration with external parties over the project life.
- The risk that the planned capital disposals will not realise the projected capital receipts income, for example 8 Albert Embankment and Clerkenwell which have already been delayed 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.

41. 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.
- Reviewing the programme to investigate whether any schemes are not required in future years or by looking for alternative methods of delivery.
- 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.

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Knowledge and Skills

42. The capital programme and the responsibility for management of a service level agreement (SLA) for the treasury management function is managed by a team of professionally qualified accountants with extensive local government financial management knowledge. Continuous professional development (CPD) is a requirement of various professions and courses are attended to update knowledge on a regular basis.
43. The SLA for treasury management services is with the Greater London Authority (GLA) where there is dedicated team of treasury management specialists who provide the main treasury management function service to the LFC.
44. All project teams consist of various professionals, such as surveyors and accountants, and outside professional advice is bought in when required. Periodically those charged with governance are provided with relevant training on a range of financial topics, which is provided by specialist external organisations as appropriate.

Governance and Monitoring

45. An important part of the governance arrangements is the frequent monitoring of the agreed capital programme. The capital is reviewed monthly with budget holders, and a quarterly basis with senior management. The capital monitoring is reported alongside revenue monitoring in the monthly financial position report which is reported to the Directorate Board and Commissioner's Board on a monthly basis. Additional quarterly monitoring reports are also presented to the Fire and Resilience Board and are published. The published reports are used to support scrutiny by the London Assembly's Fire, Resilience and Emergency Planning (FREP) and Budget and Performance (BPC) Committees.
46. 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.
47. 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 Corporate Services Directorate Board and Commissioner's Board, and the Deputy Mayor through the Fire and Resilience Board, as required, before final approval by the London Fire Commissioner.
48. The Capital Programme is approved by the London Fire Commissioner before submission to the Mayor as part of the annual budget submission.
49. 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;

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- 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; and
- supports the Mayor of London in meeting the approved objectives and strategic plans.

Officers' Responsibilities

50. 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 Directorate Boards. 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.

Chief Finance Officer Sign Off

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

CIPFA Financial Management Code

Introduction and Background

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) has published the Financial Management (FM) Code and associated guidance for public sector bodies. The FM Code states that it has been introduced because;

"the exceptional financial circumstances faced by local authorities have revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future".
2. The FM Code does not have legislative backing but does support the London Fire Commissioner's (LFC) compliance with the duty to have sound financial management in place. It also supports the Chief Finance Officer, the Director of Corporate Services, in complying with the legal duty under s 127 Greater London Authority Act 1999 to make arrangements for the proper administration of the LFC's financial affairs.
3. The Commissioner's Board was updated on the introduction of the FM Code in March 2020 (LFC-0327).
4. The FM Code has been considered during the 2021/22 budget process in readiness for the first full year of the FM Code which is 2021/22.

Financial Management Requirements

5. The FM Code applies a principles-based approach and includes the CIPFA Statement of Principles of Good Financial Management. This sets out the six principles as follows:
 - Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into the organisation culture
 - Accountability – based in medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs
 - Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer and elected member decision making
 - Adherence to professional standards is promoted by the leadership team and is evidenced
 - Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection
 - The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources
6. To enable authorities to test their conformity with the Statement of Principles of Good Financial Management, the FM Code translates these principles into financial management standards.

Appendix 8 Financial Management Code

These are then what is required of an authority to meet the minimum standards of financial management acceptable to address fiduciary duties to taxpayers, customers and lenders. The CIPFA financial management standards are set out in Annex 1.

Compliance with the Financial Management Standards

7. It was previously reported that it was considered that the LFC already complied with a number of standards within the FM Code, as follows:

- B - The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.
- C - The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
- D - The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).
- H - The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.
- I - The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.
- J - The authority complies with its statutory obligations in respect of the budget setting process.
- K - The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.
- P – The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the *Code of Practice on Local Authority Accounting the United Kingdom*.
- Q - The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

8. The full list of standards is detailed in Annex 1.

Addressing the Requirements of the FM Code

9. The update provided below therefore has a focus on those standards which required further attention.

A – The leadership team is able to demonstrate that the services provided by the authority provide value for money

10. In order to comply with the standard, the FM Code guidance states that to achieve compliance "consideration for value for money should be an integral feature to the decisions made by the leadership team, especially those relating to the allocation of resources or the delivery of services".

Appendix 8 Financial Management Code

11. As part of the 2019/20 Statement of Accounts a detailed review of the LFC's Value for Money position was undertaken. This work has been used to support the External Audit Value for Money opinion and provide assurance of processes in place.
12. In addition to this regular performance and financial reporting takes place which is presented to Directorate Boards and Commissioner's Board and published on the London Data Store. These reports provide measurable performance against the Brigade's priorities and budget.
13. In addition to the above the LFC has in place detailed Financial Regulations and Contract Standing Orders which ensure good practice and promote value for money throughout the organisation. These are regularly reviewed.
14. Following the outcomes of Her Majesty's Inspectorate of Constabulary Fire and Rescue Service (HMICFRS) and the Phase 1 Grenfell Report recommendations, the Brigade embarked on a transformation programme as set out in the Transformation Development Plan (TDP). The TDP takes account of the Value for Money recommendations and how this can be achieved through specific actions. The introduction of the Audit Committee will increase the level of scrutiny with the Brigade and provide additional insights which could improve practices further and is closely aligned to the delivery of Value of Money. The LFC will also work with HMICFRS during their inspections of the Brigade and ensure that any recommendations on value for money are actioned promptly.
15. The LFB is developing the Community Risk Management Plan (CRMP) for 2022/23. This will involve a range of stakeholder engagement and will include value for money considerations, including being how the CRMP can be used to inform the development of a sustainable budget position for future years.
16. Further work is planned in this area, and as part of sector wide engagement through the National Fire Chiefs Council, in developing specific measures on value for money.

E – The financial management style of the authority supports financial sustainability

17. The FM Code Guidance states that "financial sustainability is about the ability of the authority to continue to fund its activities not just in the present, but also in an increasingly uncertain future". It goes on to say, "achieving financial sustainability requires the authority to have the capacity, the capability and the confidence to plan for the long term and to focus on the achievement of longer term objectives, rather than exist simply year to year".
18. The LFB currently ensure members of the Brigade at all levels are engaged in the financial management through the monitoring and budget setting process. Frequent reports are presented to Directors through their Boards for decisions working to ensure engagement and buy in for the development of proposals through to decision making at Director level. As part of the annual budget process all departments are engaged through regular communication and guidance is provided to ensure that saving and growth proposals are considered during the process. Furthermore, quarterly management meetings take place with Finance, Heads of Service and Directors to discuss the current financial position, matters arising and review budget proposals for future years.

Appendix 8 Financial Management Code

19. The 2021/22 budget processes included the introduction of scrutiny meetings with the Commissioner and Directors. This gave Heads of Service the opportunity to present and discuss proposals directly with the Commissioner and Directors; this is a concept that will be refined for future years. As part of the 2021/22 budget process the Mayor has asked the LFC to submit spending plans for two financial years due to the impact of Covid-19 rather than the usual four years. The LFCs Medium Term financial planning is based on four years and is based on current assumptions.
20. As noted in paragraph 14 the LFC in developing the CRMP which will cover the Brigades activities for the next four years. The CRMP will outline how resources will be allocated over this period, as part of this the medium term financial position of the organisation will be addressed and this will provide Finance with revised assumptions for the medium term.

F – The authority has carried out a credible and transparent financial resilience assessment

21. The FM Code states that an authority "must critically evaluate their financial resilience. It is possible that the existing strategy is financially sustainable, but this must still have been tested and demonstrated in a financial resilience assessment."
22. The LFC currently maintains a Medium Term Financial Plan (MTFP) over four financial planning years, this is regularly reviewed and updated based on government announcements, departmental updates on spend, inflation and other prudent assumptions. The MTFP provides the Commissioner and Directors with financial information to support future years decision making by highlight future years budget gaps and provides an indicative view of saving gaps for future years. This information is used to support wider conversation such as those surrounding the development of the CRMP.
23. The LFC has a 20 year capital strategy which is reviewed annually. The strategy supports the Brigade to deliver on its priorities including those set out in the current London Safety Plan and the TDP. The strategy ensures that the LFCs capital expenditure decisions provide value for money and are financially prudent.
24. As part of the 2021/22 budget process there have been ongoing discussions with departments regarding their saving proposals as well as in year budget monitoring which has impacted on the decisions taken for next year's budget. These quarterly meetings have been invaluable, and these will continue to be developed with departments to ensure timely information is provided and discussions take place.
25. An updated reserves strategy was included within the 2021/22 budget submission. This looked at the level of reserves held and challenged the use of those earmarked reserves to ensure that they were appropriate. This work will be ongoing to ensure the service provides the best value to Londoners whilst maintaining prudent levels of reserves which are essential to support unforeseen challenges such as Covid-19.
26. CIPFA have developed a Financial Resilience Index which is a comparative benchmarking tool that local authorities are able to utilise to support good financial management. Currently this index is only available to local authorities and not available for Fire and Rescue Authorities, however we are able to consider many of the same financial indicators which are: reserve

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sustainability; level of reserve; change in reserves; interest payable and net revenue expenditure ratio; gross external debt; fees and charges to serve expenditure ratio; council tax requirement and net revenue expenditure ratio. Consideration has been given to these indicators by the LFB.

G – The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members

27. The FM Code has not been prescriptive about the time period of long term financial planning, however they do "stress the need for a financial strategy that matches the requirement for a strategic approach to service planning".
28. Currently regular financial position reports are presented to the Commissioner and Directors which review the in year position against the agreed budget and provide insights into variances arising. These reports also provide updates on the future budget process. The MTFP is considered at key points throughout the budget process including June as part of the Mayors Budget Guidance review; the November budget submission; in January if required and again at the final March budget report.
29. As discussed previously the LFC has a four year MTFP, this currently support the London Safety Plan. Covid-19 has impacted on future year assumptions with the recent Spending Review only providing a one year settlement rather than the anticipated three-four year spending plan, this has increased uncertainty for future year funding. Moving into 2021/22 the LFC will be developing the CRMP which will align with the four year MTFP outlining the current resource requirements for the four year period and allow the Commissioner and Director to discuss the implications of the strategic decisions against the budget.

L - The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget

30. The FM Code states, "stakeholder consultation helps to encourage community involvement not just in the design of services but in their ongoing delivery". Stakeholder engagement is crucial part of developing financial plans to ensure that all affected groups are consulted, and key priorities are included within the plan. Currently the LFC engages with a number of key stakeholders, including but not limited to the workforce, representative bodies, GLA, Mayor, Home Office and scrutiny panels such as Budget Performance Committee and Fire, Resilience and Emergency Planning Committee throughout the year. The LFC's budget submission is presented to the Mayor and then included within the Mayor's wider budget submission which is then released for wider engagement and public consultation. The budget is subject to significant scrutiny from a number of stakeholders before finally being present at the London Assembly for approval. Engagement takes place throughout the year with the GLA regarding financial and strategic matters which are then included within the MTFP.
31. Looking ahead to 2021/22 the LFC will be developing a new CRMP which will be developed through consultation with the local community and political stakeholders. The financial impact of the proposals will be considered as part of the development of this plan.
32. As previously noted, the Audit Committee have been established in line with the TDP. They will have a role in reviewing financial strategy and providing additional scrutiny and transparency to

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the LFCs financial position. This could involve the committee reviewing the assumptions used within the LFC and acting as a critical friend in the development of the financial plan.

M – The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions

33. Then FM Code states "It is the responsibility of the CFO to ensure that all material decisions are supported by an option appraisal which in its rigour and sophistication is appropriate for the decision being made". An option appraisal ensures that informed decisions are taken. The decision-making processes of the LFC mean that all decisions are made in line with governance procedures and delegated authority. These decisions are recorded through minutes and the decision reports are published on the LFC website. During the current year the decision reporting template has been revised to allow authors to detail alternative proposals considered and rejected, along with the rationale for this.
34. It is important that report authors provide sufficient detail to allow the Commissioner and Directors to understand what options have been considered and what wider collaborations have taken place to arrive at the current recommendation. Currently the level of detail provided can vary significantly between reports. Going forward Finance will liaise with the Governance Team develop an essential criteria which should be a considered as part of the options appraisal.

N – The leadership team takes action using reports enabling it to identify and correct emerging risk to its budget strategy and financial sustainability

35. The FM Code states, "to remain financially sustainable an authority must have timely information on its financial and operational performance so that policy objectives are delivered within budget". The earlier risks to the budget and MTFP are identified the sooner the LFC can address the risks and mitigate the impact. Regular finance and performance reports are presented at Commissioners and Corporate Services Board which review the in year budget variances, highlighting areas of risk as well performance data which looks at the service delivery. The Commissioner and Directors are able to review this data and take action, if required, to mitigate future financial overspends across the service. These decisions are recorded in line with good governance.
36. Regular financial monitoring meetings take place with Heads of Services and Directors throughout the year. As part of these meeting a new quarterly 'flash report' has been developed which presents key information to the Directors allowing them to focus on the significant matters arising. These reports are presented quarterly and are still being refined to ensure they provide the relevant information to each Director.
37. Should a significant event take place with financial implications them additional finance reporting can be provided. An example of this in 2020/21 is Covid-19 and the additional reporting requirements which have been required.
38. As part of the budget process Heads of Service are provided with budget guidance alongside their budget for future years for consideration. As the process develops during the year Finance collate all the saving and growth proposals which have been received from Departments for discussion initially with Heads of Service and then with the Commissioner and Directors. This

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allows additional scrutiny of the proposals and for the Commissioner to approve proposals for inclusion within the budget process.

39. Throughout the budget process the Commissioner and Directors are kept informed of the budget position via reports issued to Directorate and Commissioner Boards. Following these strategic meetings any resulting actions are factored into our budget planning.
40. A new risk management process has been developed for the LFC which focuses on risks at a corporate and departmental level. As part of this new process specific risks to the Brigade have been identified, these include the impacts of Covid-19; Counter Terrorism response costs and the ongoing changes within the built environment and associate resourcing implications. These risks will be considered and address as part of the CRMP development.

O – The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial stability

41. The FM Code states "it is a requirement of this code that authorities should more closely monitor the material elements of their balance sheet that may give indications of a departure from financial plans." The balance sheet presents the LFCs assets and liabilities, which includes debtors, pension liabilities, borrowing and reserves.
42. Regular aged debtor reports are produced and monitored by Finance, this is then presented as part of the Financial Position Report to the Corporate Services Board. This reviews the level of outstanding debt to the Brigade and any significant variance debt levels are highlighted appropriate action is taken.
43. The Reserves Strategy is reviewed annual as part of the budget process with challenge provided back to budget holder to ensure that the level of reserve held is appropriate. The strategy forms part of the Commissioners budget proposal to the Mayor where it receives further scrutiny.
44. The level of external borrowing can be a key indicator of an authority's balance sheet. The Brigade has a Treasury Management Strategy which sets out the arrangements in place to manage the LFC's borrowing and cash balances. This is delivered as part of the GLA Group Investment Syndicate.

Action Plan 2021/22

45. The following key points are included in an action plan to address FM Code requirements during 2021/22, along with the FM code reference they relate to.
 - Work with the fire and rescue sector, through the NFCC, to develop more robust measures to demonstrate value for money (Ref A).
 - Review the resilience index completed by local authorities to see if it can be adapted for the LFB (Ref E, F, G)
 - Extend Medium Term Financial planning within the LFB to support financial sustainability. (Ref E, F, G)

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- To effectively engage with stakeholders as part of the development of the Community Risk Management Plan, to help support medium and long term decision making. (Ref L)
- To establish a document appraisal methodology to support decision making and achieving value for money. (Ref M, N)
- To review which elements of the balance sheet are reported on to the leadership team and consider which additional elements should also be reported on in this way. (Ref O)

Annex 1

Reference	CIPFA Financial Management Standards
	The responsibilities of the chief finance officer and leadership team
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.
	Governance and financial management style
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
D	The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016).
E	The financial management style of the authority supports financial sustainability.
	Long to medium-term financial management
F	The authority has carried out a credible and transparent financial resilience assessment.
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
H	The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.
	The annual budget
J	The authority complies with its statutory obligations in respect of the budget setting process.
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.
	Stakeholder engagement and business plans
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

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M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.
	Monitoring financial performance
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.
	External financial reporting
P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i> .
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions