



LONDON FIRE BRIGADE

Report title

Draft Budget Submission 2022/23

Report to

Finance and Investment Board

Commissioner's Board

Fire and Resilience Board

Commissioner's Board

London Fire Commissioner

Audit Committee

Date

25 October 2021

3 November 2021

9 November 2021

23 November 2021

2 December 2021

Report by

Assistant Director, Finance

Report number

LFC-0625

Protective marking: **NOT PROTECTIVELY MARKED**

Publication status: Published in full

I agree the recommended decision below.

Andy Roe

London Fire Commissioner

Date

This decision was
remotely signed on 26
November 2021

Summary

The Mayor has written to the London Fire Commissioner (LFC) to consult the LFC before preparing his draft Component Budget for the LFC for 2022/23. The Mayor is proposing to provide funding of £418.5m for the LFC in that year.

This report sets out the LFC proposed Budget Submission to the Mayor that will meet that financial requirement and achieves a balanced budget position for the LFC in 2022/23.

This is the full draft budget for 2022/23 and will form the basis for the GLA group budget submission on 26 November 2021 in line with the Mayor' Budget Guidance issued on 30 July 2021.

Recommended decisions

For the London Fire Commissioner

That the London Fire Commissioner approves:

1. The draft **revenue** Budget Submission for 2022/23 to the Mayor that includes:
 - a. Saving proposals of £4.3m in 2022/23 as set out in Appendix 3;
 - b. Departmental Growth proposals of £7.0m in 2022/23 as set out in Appendix 4, alongside
 - c. An additional £5.4m of growth to meet MTFA pressures;
2. A draft 20-year **Capital Strategy** together with a detailed four year capital plan at Appendix 5.
3. A draft **Medium Term Financial Strategy** (MTFS) covering the period to 2024/25 at Appendix 2.
4. A draft **Reserves Strategy** at Appendix 6.
5. A draft covering letter at Appendix 9 for consultation with the Fire, Resilience and Emergency Planning (FREP) Committee.

Background

1. The Mayor's Budget Guidance for 2022/23 for the Greater London Authority (GLA) and the functional bodies was issued on 30 July 2021. The Guidance sets out the Mayor's key policy priorities to be reflected in future years' budgets, the proposed funding levels he intends to provide for each functional body, the financial context and the planned timetable for budget preparation for the GLA Group.
2. In his Budget Guidance the Mayor has used indicative funding levels from retained business rates, council tax precept income and Group wide reserves to determine the total funding he plans to provide the LFC from the resources under his control.
3. The Mayor then set out funding totals for each functional body, which are all based on a "central scenario" assuming a 2 per cent increase in business rates in line with inflation, a 1.99 per cent increase in council tax precept and an increase in the council tax base of 1 per cent each year.
4. Under the GLA Act 1999, the Mayor must consult the functional bodies before proposing a Component Budget for consultation. The Mayor has now written to the London Fire Commissioner (Appendix 1) to confirm the amounts as set out in his budget Guidance, which are for proposed funding levels for 2022/23 of £418.5m, 2023/24 of £431.2m, and 2024/25 of £445.8m.
5. An internal budget process has been undertaken looking at departmental growth and savings proposals and previous assumptions made in the MTFS. Key elements of this process included budget scrutiny meetings chaired by the Commissioner and attended by all directors, with a focus in turn on each department and its budget proposals. The budget process also included review of the draft budget submission by the newly established Finance and Investment Board.

6. The MTFS (Appendix 2) shows the forecast estimates of income and expenditure for the next financial year and the following two financial years to 2024/25 and highlights budget surpluses or deficits for those years.
7. The proposals to meet any budget deficits are set out within this report and supported by the savings and growth proposals (Appendix 3 and 4 respectively). As set out in this budget submission, the LFC has plans in place to ensure that a balanced budget can be set for 2022/23.
8. Taking into account the proposed savings and growth options, there currently remains a budget deficit of £8.8m in 2023/24. The LFC is currently working on further plans to address the budget deficit in line with the Chief Finance Officer's Value for Money (VFM) efficiency principles which are issued to provide a framework within which the further efficiency savings will be delivered.
9. Until these plans have been agreed, the current MTFS assumption is that the £8.8m deficit in 2023/24 will be met by a draw down on the Budget Flexibility Reserve.
10. The development of the LFC's revenue budget and capital programme will continue during the Mayor's budget cycle, which concludes in February 2022. The LFC will agree a final revenue budget and capital programme for 2022/23 in March 2022.
11. This report forms the proposed full draft Budget Submission to the Mayor, including the additional tables attached at Appendix 10. The Mayor has set a deadline for the LFC of 26 November 2021 to provide the GLA group budget submission and, if approved, this draft budget will form the basis for the LFC submission.
12. The Mayor has requested that the LFC integrates its Capital Spending Plans and Revenue Budgets into one overall Budget Submission. In order to meet this requirement, the LFC's capital expenditure is set out below.
13. Under the Prudential Code of Practice, the LFC is required to formulate a longer term Capital strategy which sets out the LFC's capital expenditure plans over the longer term and this is included at Appendix 5.
14. Table 1 below sets out a provisional timetable for the remainder of the budget process.

Table 1: Timetable for the remainder of the Budget Process

27 October	HM Treasury publishes Spending Review and Autumn Budget
Early November	Formal Budget Letters shared with the LFC, confirming funding control total.
26 November 2021	Functional bodies to provide full and summary budget submissions to the Mayor. This must be published on LFC's website.
November/December 2021	Provisional Local Government Funding Settlement
9 December 2021	Budget and Performance Committee meeting with LFC and MOPAC

Mid to late December 2020	Following the publication of the provisional Local Government, Fire and Police Settlements, the Mayor will issue his draft consolidated budget, including Capital Strategy and borrowing limits.
Week beginning 4 January	GLA to inform Functional Bodies (FBs) of any changes to control total allocations (only if major changes following provisional settlement publication)
19 January 2022	January Budget Update report presented to CB, providing updates from the November submission if required.
29 January 2022	London Assembly considers the Mayor's draft consolidated budget 2022/23.
Early February	Government expected to publish final local government and fire finance settlement (expected date based on final settlement for 2021/22).
24 February 2022	London Assembly considers the Mayor's final draft consolidated budget 2022/23.
28 February 2022	Statutory deadline by which the GLA precept must be approved and the Mayor's statutory Capital Spending Plan is published.
March 2022	The LFC approves the final Budget for 2022/23, within the overall funding limit set by the Mayor.

Mayor's Consultation Letter

15. The Mayor issued a consultation letter to the London Fire Commissioner on 24 November 2021. The purpose of the letter is to consult the LFC and clarify the requirements for the LFC's budget submission before preparing a draft component budget for 2022/23. A copy of that letter is at Appendix 1 and the main points are set out below.
16. The letter notes that the GLA intends to publish its Group Budget Consultation Document before the Christmas break. This is on the expectation that the Government announces the Provisional Local Government and Fire Finance Settlement in early to mid December.
17. The Mayor has set out funding for the LFC of £418.5m in 2022/23, which is in line with revenue funding totals as set out in his Budget Guidance issued on 31 July 2021 and represents an increase in funding of £7.1m from the funding levels provided in 2021/22. The guidance then sets out funding of £431.2m in 2023/24, and of £445.8m in 2024/25.

Government Comprehensive Spending Review

18. In reviewing the financial position set out in this report it should, of course, be noted that on the 7 September 2021 the Chancellor of the Exchequer announced that he will conduct a three year

spending review to cover the period from 2022/23 to 2024/25, which concluded on 27 October 2021, alongside the Autumn Budget.

Medium Term Financial Plan

19. The March 2021/22 Budget Report (LFC-0505x) set out the agreed budget for the 2021/22 financial year and included one further year for 2022/23, as required by the Mayor in his Budget Guidance for that year. That report set out a budget surplus of £3.5m in 2022/23 based on the assumptions in that report, which included a recruitment freeze saving of £14.7m for that year. The estimates have been kept under review in light of financial performance during 2021/22 and an updated position is set out at Appendix 2.
20. The impact of the increase in funding, together with the results of the review of the MTFs as part of the preparation for the 2022/23 budget process, is set out in Table 2 below. The table also contains a summary of the financial impact of other changes to the forecast position over the three year period, which are explained in more detail below.
21. The table shows that based on these assumptions there would be a budget surplus of £0.1m in 2022/23, but a budget deficit of £8.8m in 2023/24, largely due to the growth within the 2022/23 budget. There is then a forecast budget surplus of £0.3m in 2024/25, which reflects forecast funding increases from the Mayor.
22. However the position from 2022/23 will of course be impacted by Local Government and Fire Service settlement which is expected in early to mid December, as well as the LFC's own forward plans which are to be set out in the Target Operating model (TOM). These are considered later in this report.

Table 2: Budget Position for the LFC

	2022/23 £m	2023/24 £m	2024/25 £m
LFC 2020/21 Budget Report Funding Gap (Surplus)	(3.5)	(0.1)	8.8
Medium Term Financial Strategy Pressures	(1.6)	7.6	6.9
Change in Funding from the Mayor	(7.1)	(12.7)	(14.6)
End of Operational Recruitment Freeze	0.0	14.7	0.0
National Insurance (NI) Increase	2.6	0.0	0.0
Anticipated Home Office Grant to Meet NI increase	(2.6)	0.0	0.0
Remove Prior Year Savings	4.0	0.0	0.0
Departmental Savings	(4.3)	(1.6)	(1.6)
Departmental Growth	7.0	0.9	0.2
Temporary resource to support transformation	1.0	(1.0)	0.0

Growth for Marauding Terrorist Attacks Capability	5.4	0.0	0.0
Reserve funding for temporary transformation resource	(1.0)	1.0	0.0
(Surplus) / Deficit	(0.1)	8.8	(0.3)

23. The MTFs includes an assumption of a 2% pay award for all staff annually, which forms the majority of the additional pressure in each year. The table also shows the impact of the operational recruitment freeze fully ending at the end of the 2022/23 financial year.
24. Table 2 includes a £2.6m increase for National Insurance (NI) contributions, following the recent Government announcement, but there is an assumption that this pressure will be met by a grant from central government as previously indicated by them. There may also be additional pressures in future years due to pay awards, however it is currently expected that this pressure would be funded via central government grant.

Recruitment Freeze

25. The 2021/22 Budget included the impact of a temporary operational recruitment freeze, which projected one-off savings of £5.9m in 2021/22 increasing to £14.7m in 2022/23. This position has been kept under review and a report was prepared in July 2021 (LFC-0552) providing an update on the recruitment freeze.
26. That report also set out that the pension remedy which will be required following the successful discrimination claim (McCloud/Sargeant) brought by the Fire Brigades Union (FBU). This is in connection with the transitional arrangements applicable to the Firefighters Pension Scheme 2015 which could significantly increase the number of employees retiring from the organisation and therefore may have an impact on recruitment levels.
27. However, since the 2021/22 budget report, there has been developments in respect of the Pension Remedy and this is set out in more detail below.
28. In light of these updated staffing forecasts the report then proposed to recommence recruitment from the 2021/22 financial year, whilst still achieving the savings projected above for 2022/23.

Pension Remedy

29. The Pension Remedy is a complex issue now facing Fire and Rescue services nationally but given the size and scale of the London Fire Brigade has the potentially for a significant impact on both pension costs for the LFC and, as highlighted above, operational workforce planning.
30. The transitional protection arrangements which were linked to the career average Firefighters Pension Scheme (FPS) 2015 had the effect that, depending on individual member's age, some members remained in the final salary 1992 or 2006 Firefighters Pension Scheme (the legacy schemes), some were transferred immediately to the 2015 FPS scheme and for others they were tapered across into the 2015 FPS on different dates depending on their age.

31. Over the last few years, there have been a number of legal cases successfully brought to challenge the lawfulness of protecting those closest to retirement age, where the transitional protection arrangements were found to be discriminatory. These cases are known as the McCloud/Sargeant cases.
32. On 4 February 2021 the government published its consultation response on how it intends to remove the discrimination identified by the courts in the 2015 pension reforms through changes to primary legislation and FPS regulations. The discrimination will be removed in two parts. The first is prospectively for future benefits from 1 April 2022, the second is retrospectively for benefits built up during the period of discrimination 1 April 2015 to 31 March 2022 (the remedy period).
33. From 1 April 2022 all those who continue in service will do so as members of the reformed FPS 2015, regardless of age, meaning all members will be treated equally in terms of which pension scheme they are a member of. All currently protected members will be placed in the FPS 2015 for service after 1 April 2022 (the end of the remedy period).
34. As per the basis of protection implemented in 2015, all protected members who will have reached normal retirement date in their legacy scheme by 1 April 2022 and will be eligible for immediate retirement if they wish to do so. For those who wish to continue to accrue benefits they will do so as members of the FPS 2015 (as amended).
35. On 8 November 2021 the Home Office launched a consultation on the amendments to the pension scheme regulations to deliver the first set of changes to remove the transitional protections from the FPS 2015.
36. These changes enact the policy announced in February of this year, and are consequential to the provisions in the Public Service Pensions & Judicial Offices Bill (PSPJO Bill) currently before Parliament. The changes are intended to come into force on 1 April 2022.
37. It is anticipated that the PSPJO Bill, with secondary legislation (the Remediating Legislation) will be enacted in or around October 2023. Prior to the Remediating Legislation coming into force, there will be some individuals who may experience an immediate detriment by not being able to access their legacy scheme pension benefits. Immediate detriment refers to those members who have already retired or will do so before the Remediating Legislation is implemented.
38. Due to the inherent significant delay in enacting the Remediating Legislation, the Local Government Association (LGA) and the Fire Brigades Union (FBU) have developed a framework and memorandum of understanding (the Framework) which addresses a number of outstanding issues that needed to be resolved to make immediate detriment payments. The Framework was published on 08 October 2021.
39. Whilst it is a matter for each fire and rescue authority (FRA) to decide whether or not to adopt the Framework, it is fully expected that the FBU will be expecting the LFB to adopt it and to process the immediate detriment cases. The LFB has no legal obligation to adopt the Framework.
40. However, as successful litigation has already been taken, it is highly likely that further litigation could ensue by those suffering immediate detriment.

41. The exact numbers of staff who may be impacted by Immediate Detriment cannot be accurately quantified at this point in time as this will depend on individual circumstances. However, indicative estimates show that there may be 548 active members who may be in scope and 1249 retired staff who retired in the remedy period.
42. The Home Office is the Responsible Authority for the management of the FPS and makes the scheme regulations. Under the FPS, where there is a deficit in a financial year between receipts and payments, the Home Office must pay the LFC an amount equal to 80% of the likely deficit. It is not yet clear how, or whether, the regulations apply to Immediate Detriment payments.
43. At the time of formulating the draft budget submission, the impacts of the publication of the Framework are being worked through and it is not currently possible to include, with any accuracy, the financial implications of future developments into the draft budget submission. However, rough estimates indicate that these costs in total could be in the region of £100m.
44. Any developments between now and the final budget submission in February will be highlighted in the final budget proposals.

Efficiency Plans

45. A total of £7.5m in efficiency savings have been included in this budget submission over the period 2022/23 to 2024/25. The savings proposed include £4.3m for 2022/23 with the remaining savings to be achieved in 2023/24 and 2024/25. A summary of the saving proposals is set out in Appendix 3.
46. Despite these savings, there currently remains a budget deficit of £8.8m in 2023/24 and it will be important that further efficiency plans are developed to address this budget shortfall. In order to facilitate this, the LFC CFO has issued a framework of VFM Efficiency Principles to be adopted over the MTF5 period to drive through value-for-money in service delivery.
47. Until firm plans for future years have been developed, the current assumption is that the deficit in 2023/24 will be met from a draw down on the Budget Flexibility Reserve.

Growth proposals

48. The budget process for the LFC also identified a number of proposals for growth including £7.0m in departmental proposals and £5.4m for the impact of the work to reach a Joint Collective Agreement to respond to a Marauding Terrorism Attack (MTA) incidents. It should be noted that £1.5m of the departmental growth proposals relates to the continuing transformation of the LFC, including resources to increase project management support to ensure that progress against the Transformation Delivery Plan and HMICFRS inspection recommendations is maintained.

49. The table below presents a summary of the growth proposals by department.

Department	Growth in 2022/23	Additional Growth in 2023/24	Additional Growth in 2024/25	Total Growth 2022-25
	£000	£000	£000	£000
General Counsel	1,393	0	0	1,393
Transformation	1,488	0	0	1,488
People Services	1,232	(38)	37	1,231
Finance Services	525	(15)	0	510
ICT	1,228	760	0	1,988
Property	575	0	0	575
Fire Safety	126	182	182	490
Operational Policy	137	0	0	137
Control & Mobilising	227	0	0	227
Operational Resilience	41	0	0	41
TOTAL	6,972	889	219	8,080

Transformation

50. Following Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection of LFC and the subsequent report published on 17 December 2019 the LFC was required to develop an action plan responding to the report. HMICFRS also carried out two virtual inspections in 2020.
51. The first reviewed our progress in implementing the recommendations of the Grenfell Tower Inquiry Phase 1 report and the second looked at how we are addressing the causes for concern identified in the HMICFRS Inspection report. HMICFRS subsequently published their inspection findings, where they recognised the "sustained focus and effort on understanding the lessons from the fire and acting where the inquiry recommended it should".
52. Following the HMICFRS inspections the Commissioner published his Transformation Delivery Plan (TDP) in January 2020, setting out the strategy and priorities for the London Fire LFC (LFC). The 2020/21 Budget report (LFC- 0324y-D) included an initial analysis of likely costs 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. Revised calculations have further reduced this requirement to £2.5m in 2022/23, and a baseline of £1.5m in 2023/24. Within 2022/23, £1.0m will be funded via the transformation reserve. A Transformation reserve was also established to support the £7.6m costs in the first two years.
53. Progress against the TDP is monitored at the LFC Portfolio Board, chaired by the Director for Transformation, and reported to stakeholders. Key changes so far include the items set out below.
 - Since the last inspection there have been significant changes in the governance and top management team structure, including the appointment of a new Commissioner, creation of the Transformation and People Services directorates and directors to lead these newly established structures.
 - There has been an ongoing review of the LFC's governance arrangements. Significant changes to the Board structures have been introduced including the establishment of a new Finance & Investment Board and the Scheme of Delegation revised to improve the division of respective roles and responsibilities.

We have developed a Business Assurance Framework (BAF) utilising the 'three lines of defence' model. This directly links assurance activity to the management of risk focusing on organisational objectives and priorities. The design of the BAF is supported by a refresh and relaunch of our risk management approach and the ongoing development of performance management metrics.

- We have established an independent Audit Committee who review and triangulate all relevant information to provide assurance of the LFC's risk controls.
- We have appointed an independent Operational Assurance Advisor, who provides assurance on the effectiveness of operational service delivery and supporting areas, such as training, policy and operational learning.

- We are implementing a portfolio approach to enable us to prioritise change and improvement activities against business as usual, focusing on an outcome and benefits-based approach, through the adherence to programme and change management principles.
54. The progress in the TDP has been supported by funding from the transformation reserve to support specific initiatives as appropriate. The requests for funding from the transformation reserve are considered and approved at the Brigade Portfolio Board.
55. The budget proposals for 2022/23 include additional resources for transformation to increase project management support to ensure that progress against the TDP and HMICFRS inspection recommendations is maintained. These additional resources are expected to cost £2.5m in 2022/23, with fixed term resources required to support the transformation at £1.0m and ongoing funding to support the new approach at £1.5m.
56. The fixed term funding will be met from within the transformation reserve funding already set aside or a transfer from the Budget Flexibility Reserve will be requested.

People Services

57. LFC has an ambitious agenda around people and culture which is vital to achieving the transformation it has committed to following the Grenfell Inquiry and HMICFRS inspections. This also includes implementing lessons-learned from recent employment tribunals and other events across the Brigade.
58. People Services, as the LFC's HR Function, is one of the main enablers to the delivery of this change, however its current function is not set up in the best way to deliver this. Most staff in People Services are dedicated to the delivery of the end-to-end employee lifecycle, rather than strategic work to improve the culture of the organisation. The HR function is also integral to the development of the CRMP which includes focus on services being delivered by the right people with the right skills and capability.
59. The LFC has developed a new HR operating model and includes the creation of a strategic HR business partnering function. A total growth investment of £1.2m in People Services is requested as part of this budget submission. The new operating model will take at least two years to implement, and the LFC has an ambitious agenda to deliver over the next 12 months. The growth now required is in four key areas:
- Bolstering Learning support services and approach to reasonable adjustments.
 - Developing Leadership capability.
 - Culture, Diversity and Wellbeing.
 - HR Systems and Services, including administrative support, recruitment and fitness tests.
60. At its core, this investment enables LFB's HR function to move from dealing with individual HR and personnel issues, to partnering with the business to drive systemic change in terms of people. The investment will therefore have a direct impact on the performance through:
- getting the right people, with the right skills, who represent the society we serve, in the right place at the right time.

- ensuring every member of staff would recommend LFB as a place to work to their family and friends (the 'family and friends' test), indirectly maximising efficiency and effectiveness through a healthy and engaged workforce.
- Improving the reputation of and service provided to London's diverse communities through a workforce that represents London's diversity, embraces diversity and ensures every member of staff feels a sense of belonging.

61. The new operating model and associated growth will deliver long-term cost savings in a number of areas, help to reduce the current impact of directorate and departmental risks, and help the implementation of actions in the LFC's HMICFRS action plan and TDP, including;

- Cost avoidance through reduction in management time spent on managing grievance and bullying and harassment cases
- Cost avoidance through reduction in employment tribunal costs
- Cost avoidance and improvements in key performance indicators through reduction in sickness absence and more effective workforce planning
- Potential reduction in the cost of overtime through more effective workforce planning
- More effective implementation of HMICFRS actions such as the roll-out of personal objective setting and performance discussions
- Deliver efficiencies in People Services following the implementation of the new operating model, including through continuing benchmarking the HR to employee ratio.

62. It is estimated that the investment required in 2022/23 will lead to cashable efficiency savings in 2023/24 of £0.3m and a further £0.7m in 2024/25 and the details of those plans will be set out in the following year's budget submission.

Corporate Services

63. The Corporate Services Directorate includes Finance, IT, Property Services, Procurement and General Counsel. Specific savings proposals have been identified for General Counsel as a result of high level review of demand going forward.

64. However, a number of the other Corporate Services function are currently subject to review and external scrutiny and initial indications are that these services are under-resourced and will require additional staffing. These functions have been subject to considerable savings targets in previous budget submissions.

65. The £0.5m growth proposal is an estimate at this time until the reviews has been concluded and any changes will be considered in the final budget.

Counter Terrorism Response Costs

66. The budget submission 2021/22 (LFC-0432) considered the developing needs for the LFC's counter-terrorism response to address risks presented in this area. The work on the has continued and progressed and the approach taken based on the unique operating environment the LFC needs to be prepared for in relation to acts of terrorism and is designed to achieve an agreement with the FBU, which addresses an issue that has remained unresolved for over 10 years – both within LFC and across the wider fire sector. The approach is also cognisant of the evidence and

findings emerging from the Manchester Arena Inquiry, anticipating a significant set of recommendations that the LFC will need to respond to in the New Year.

67. The proposals outlined in this budget submission will significantly improve the LFC's MTA capability, supporting the multi-agency response to an act of terror and improving the resilience in London, and as the capital city.
68. The growth of £5.4m requested is an ongoing revenue cost for MTA response and is based on a 2% skills payment for the provision of a specialist capability across the entirety of the LFC's operational workforce. This means all staff from Firefighters to Group Commanders will be paid a skills-based payment for completing all necessary MTA training and holding the MTA response skill.
69. The proposals are the result of 18 months of discussion and consultation with the FBU and are still subject to formal agreement and ratification. Consultation on the draft agreement continues with the Home Office, Mayor of London, National Fire Chiefs Council (NFCC) and HMICFRS.

Grants

70. The Budget for 2022/23 includes anticipated grant income of £33.9m, including a range of grants. Additional detail on the grants is set out in Table 3 below.

Table 3: Key Grant Receipts Projected

Grant Name	Amount in 2022/23	Expected length of Grant
	£m	
Pension Grant (2015 Firefighter Pension Actuarial Review)	21.7	Ongoing (Agreed annually)
Property PFI	3.7	Until 2039/40
New Dimensions	3.4	Ongoing (Agreed annually)
NFCC Corporate Portfolio Office	2.1	Under Review
Merton Regional Control Centre	1.9	Until 2034/35
Other Grants	1.1	

Total	33.9	
--------------	-------------	--

71. As highlighted in the table, some grants will be agreed annually as part of the central government settlement process and one is under review. The current MTFS assumption is that the total of £33.9m will continue over the MTFS period but there is a risk that this may not be the case.

Environment

72. The budget submission has been reviewed for sustainability and environmental implications. The LFC will continue to monitor performance through the ISO 14001-certified Environmental Management System that covers the functions of the LFB and published Sustainable Development Annual Reports. The LFC's budget includes allocations that will support most of the LFC's commitments under the London Environment Strategy. This includes implementing responsible procurement, reducing waste, improving air quality, increasing London's green cover, adapting to climate change, and reducing CO2 emissions in line with the mayors ambition to accelerate carbon reductions to achieve net zero by 2030 as part of COVID-19 recovery plans. Appendix 8 of the LFC's detailed budget submission sets out the actions taken, and resources allocated by LFC to comply with the London Environment Strategy.

Equality Assessment

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

Medium Term Financial Strategy and Reserve Strategy

74. The Fire and Rescue National Framework sets out the documents each Fire and Rescue Service (FRS) is required to produce, which include an integrated risk management plan, an annual statement of assurance (to be published later this year) and its financial plans including an efficiency plan (published in 2016 covering four future years), a Medium Term Financial Strategy and a Reserves Strategy.

75. To meet this requirement a Medium Term Financial Strategy and Reserves Strategy are attached to this report at Appendices 2 and 6 respectively. The Medium Term Financial Strategy has been updated to also meet the requirements of an Efficiency Plan covering 2022/23.

76. A draft letter to the Chair of the FREP Committee is also attached at Appendix 9 to consult FREP alongside providing the Budget Submission to the Mayor. The results of any scrutiny by the FREP committee can then also be considered as part of finalising the LFC budget for 2022/23.

The Financial Position as at the end of September 2021

77. As at the end of quarter two of 2021/22 the Brigade was forecasting an overall underspend position of £0.7m.

Reserves

78. To meet the requirement of the Local Government Act 2003 in respect of adequacy of reserves and demonstrate compliance with the guidance on local authority reserves and balances issued by CIPFA the GLA and the functional bodies must provide:

- a statement of policy on reserves and contingencies;
- details of all reserves and general balances;
- an analysis and explanation of the expected movements on reserves between the start and end of each year from 1 April 2022 to 31 March 2025;
- in the case of earmarked reserves held for purposes beyond 31 March 2022, an indication should be given as to when they are likely to be applied;
- explanation of why reserves need to not only be adequate but why they are necessary.

79. The Reserves Policy is set out in the Medium Term Financial Strategy. A statement on the adequacy of reserves is set out in Appendix 6. The corporate financial risk assessment has been refreshed in support of this. That assessment sets out the potential unbudgeted payments the LFC may be required to make if risks are realised, and is used to inform the minimum general reserve requirement.

Financial Risks and Opportunities

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

Fees, Charges, Cost Recovery and Sponsorship

81. The LFC receives income from a range of charges, which are calculated on a cost recovery basis. These charges will be reviewed as part of finalising the budget for 2022/23 and will be reported in the final budget report in March 2022.

Capital Programme 2022/23 to 2025/26

82. The Financial Position as at the end of September reported that the forecast spend on the capital programme for 2021/22 as at the end of September (Q2) is £35.6m. This is £24.8m less than the revised budget position including underspends within ICT (£3.3m), Property (£13.2m) and Fleet (£8.4m).

83. The overall capital programme is summarised in the table below:

Table 4 : Capital Programme Summary

Project	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
Capital Schemes						

Properties	11.7	20.0	19.5	12.1	34.6	97.9
Fleet Replacement Plan	14.1	3.8	0.4	2.9	4.1	25.3
ICT Projects	1.8	9.0	9.2	5.9	1.7	27.6
Communications Project	0.0	1.2	1.1	0.0	0.0	2.3
Ops Policy Equipment	8.2	0.0	0.0	0.0	0.0	8.2
Total Expenditure	35.8	34.0	30.2	20.9	40.4	161.3
Capital Receipts	11.8	0.0	25.0	0.0	0.0	36.8
Capital Grants	0.0	0.0	0.0	0.0	0.0	0.0
External Borrowing	24.0	34.0	5.2	20.9	40.4	124.5
Total Financing	35.8	34.0	30.2	20.9	40.4	161.3

84. The Capital Strategy for 2022/23 is included at Appendix 5 which also includes the financing of the capital programme for the next four years together with the approved prudential borrowing limits. The first five years of the Capital Strategy, to 2025/26, are included in the Mayor's Capital Spending Plan, and are funded by the capital financing costs reflected in the LFC revenue budget submission.

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

Capital Strategy

86. The CIPFA Prudential Code 2017 sets out a new requirement for local authorities to produce a Capital Strategy, to form part of an authority's integrated revenue, capital and balance sheet planning. The Mayor's Budget Guidance requires that the Capital Strategy covers a 20-year period, and forms part of the LFC's Budget Submission. The 2022/23 Capital Strategy is detailed in Appendix 5.

Equalities Impact

87. 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.
88. 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.
89. 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.
90. 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.
91. 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.
92. 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.
93. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.
94. 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 LFC'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.

95. 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 ten), 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 seven to this report.
96. 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.
97. The Inclusion Team has been consulted, and guidance on completing EIAs was sent to Heads of Service as part of the budget process. Work will continue with the Inclusion Team to ensure EIAs are conducted and reviewed particularly where savings proposals have either been agreed or require further work. The EIA is at Appendix 7.

Procurement and Sustainability

98. The LFC has signed up to be an Anchor Institution in London and as such will put plans in place to address the following Mayoral priorities:
- Procurement from small and diverse London businesses, to spread the benefits of the GLA Group's purchasing power across London's communities;
 - Recruiting, retaining, promoting and upskilling Londoners from underrepresented backgrounds, with a focus on good work;
 - Working with young people to ensure they have access to quality mentoring support; and Retrofit and energy efficiency on your estates, to speed up London's progress to Net Zero by 2030, including a committed pipeline of buildings to retrofit by 2024.
99. 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. Procurement from SMEs will also play a key role in the recovery post COVID-19. Further detail on funding allocated to support delivery of the LES is set out in the Sustainability Analysis at Appendix 8.

100. 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.
101. 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 per cent 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.
102. 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.
103. 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
104. 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.
105. 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

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

Workforce Impact

107. LFB's recognised trade unions are being consulted on the savings and growth proposals for 2022/23, and any comments received will be responded to and reported to Commissioner's Board as appropriate. It is noted that there are very few occupied FRS posts which are being deleted, and the staff reductions are expected to be achieved voluntarily. It is also noted that there are a large number of growth FRS posts which should be welcomed by the trade unions. The deletion of

operational posts will not require any staffing reductions as operational staff who are currently occupying such posts will be posted to alternative positions at similar rank.

Finance comments

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

Legal comments

109. 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.
110. 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.
111. 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.
112. 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.
113. Additionally, the Fire and Rescue National Framework for England ("Framework") issued by the Secretary of State under section 21 of the Fire and Rescue Services Act 2004 requires the Commissioner to produce a medium term financial plan, efficiency plan and a reserves strategy. The Framework permits these to be combined and included within the parent authorities' documentation as has been done in this report.
114. By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor"). Paragraph (d) of Part 2 of this direction requires the prior approval of the Deputy Mayor before, "The London Fire Commissioner makes an annual budget submission to the Mayor prior to the Mayor's Consultation Budget being issued."

115. This report sets out the Commissioner's proposed Budget Submission to the Mayor (incorporating the requirements of the Framework) thereby meeting the Commissioner's responsibilities under the above legislation and Framework.
116. The Medium Term Financial Strategy (MTFS), Efficiency Plan and Reserve Strategy are documents referenced as required in the Fire and Rescue Services National Framework. These documents form part of the Budget Submission. Under S327G of the Greater London Authority Act 1999 (GLA Act 1999) a document that is prepared and published by the LFC in accordance with Framework and which (a) sets out the Commissioner's priorities and objectives, for the period covered by the document, in connection with the discharge of the Commissioner's functions, or (b) contains a statement of the way in which the Commissioner has had regard, in the period covered by the document, to the Framework and to any document within paragraph (a) prepared by the Commissioner for that period must, before publication, be sent in draft to the Mayor and the Assembly (in these circumstances the Fire Resilience and Emergency Planning Committee (FREPP)) .The document cannot be published by the LFC without FREP having an opportunity to review the draft document(s) and report to the Mayor, and the Mayor needs to approve the document(s) before it may be published by the LFC.
117. It is commonly accepted that the MTFS, Efficiency Strategy, Reserve Strategy and the Statement of Assurance (the subject of a separate report) are documents that fall within S327G and accordingly the above provisions apply.
118. The Mayoral Directions provide for additional processes namely that *The prior approval of the Mayor is required before any of the following decisions is taken: b. Approval of the final proposed text of the draft London Safety Plan (or any revision of it) for the purposes of sending it to the Assembly under section 327G(2) of the GLA Act 1999. "London Safety Plan" refers to any document which is prepared and published by the Commissioner in accordance with the Fire and Rescue National Framework and which contains the matters described in section 327G (1)(a) and or (b) of the GLA Act 1999,*
119. In addition the Mayoral Directions provide that prior consultation with the Deputy Mayor is required on anything that requires the consent of the Mayor.

List of Appendices

Appendix	Title	Protective Marking
1.	Consultation Letter	None
2.	Medium Term Financial Strategy	None
3.	Saving Proposals Summary	None
4.	Growth Proposals Summary	None
5.	Capital Strategy	None
6.	Reserves Strategy	None
7.	Equality Analysis	None
8.	Sustainability Analysis	None

9.	Draft Letter to FREP Committee	None
10.	Budget Submission to the Mayor	None

Appendix 1 Consultation Letter

Andy Roe

London Fire Commissioner London
Fire Brigade
andrew.roe@london-fire.gov.uk

Date: 24 November 2021

Budget Proposals 2022-23

1. The purpose of this letter is to consult you before I prepare a draft component budget for the London Fire Commissioner (LFC) for 2022-23, in accordance with the provisions of paragraph 2 of schedule 6 of the Greater London Authority Act 1999 (the GLA Act). It also allows me to describe in more detail the process for finalising my Budget and clarify requirements for your budget submission.
2. My intention is to issue the GLA Group Budget Consultation Document as soon as is practical before the Christmas break. Whilst it is expected that the Provisional Local Government and Fire Finance Settlements will have been published by the time the Group Budget Consultation document is issued, the government is unlikely to confirm the date of the provisional settlements until shortly before they are announced. Consequently, it may not be possible to reflect the impact of the settlement announcements in the initial Consultation Document. The settlement is expected to set out the baseline funding levels proposed by the Government for the GLA Group in retained business rates, which will include the LFC's share in respect of fire and rescue services funding.
3. Whilst the Spending Review published on 27 October confirmed the council tax referendum thresholds for 2022-23 are in line with the assumptions in the Budget Guidance, the announcement did not provide sufficient detail at this stage to assess the overall impact of the government's proposed national funding control totals or the impact of its policy intentions at a local level. There remains significant uncertainty about many of the parameters prior to the actual settlement and what level of growth, if any, may be available to be applied 2022-23. The precise estimated level of business rates income and any growth, if available, to distribute – reflecting billing authorities' updated assessment of the long-term impact of the pandemic on the taxbase - will similarly not be known until late January.
4. As a consequence, the proposed funding allocations for retained business rates for the LFC remain consistent with the assumptions set out in my budget guidance in July. The council tax element allocation assumes a 1 per cent increase in the London wide taxbase and a 1.99% increase in the nonpolice element of the council tax precept.
5. Subject to considering any comments that LFC would wish to make, and the impact of the Provisional Settlement when announced, my present intention is to confirm a draft component budget for 2022-23 that will require the GLA to pay to the LFC under Section 102 of the GLA Act 1999, as amended, an amount equivalent to £418.5 million.
6. For planning purposes, I intend to set an indicative allocation for 2023-24 of £431.2 million and for 2024-25 of £445.8 million which reflects the same uprating assumptions as for 2022-23 outlined above. These amounts remain indicative, given future years' allocations of funding for the GLA Group have yet to be announced. The government also plans to engage further with the local government sector

x 1 Consultation Letter

on funding reforms for future years; as yet, there is not sufficient clarity on what these reforms will mean for the overall level of resources available for the GLA Group.

7. When my Budget Guidance to the GLA Group was published in July 2021, the government had not yet announced the National Insurance (NI) increase effective from April 2022. Consequently, control totals for functional bodies did not anticipate this additional cost. Budget submissions should include assumptions on the cost of the NI increase and an additional line within funding sources identifying the funding required for the NI increase. My officers will provide new templates to functional bodies to assist this process. Once the baseline funding level for the GLA Group is confirmed in the provisional settlement, retained business rates allocations for functional bodies will be reviewed, to assess whether additional funding can be made available for these costs.
8. On the basis of the funding assumptions set out above, I require that your proposals fully balance the budget for 2022-23. In order that my Budget Consultation Document can be prepared in a consistent and efficient fashion, I would be grateful if you could ensure that your submission fully complies with the requirements my officers have set out to you. May I also remind you that your budget submission should be placed on your website as soon as practical after its submission.
9. Please send your budget submission to Enver Enver, Assistant Director – Group Finance and Performance at the GLA (email: enver.enver@london.gov.uk and GLABudget@london.gov.uk) no later than 5pm on Friday 26 November 2021.

Yours sincerely,



Sadiq Khan
Mayor of London
Appendix 2

Medium Term Financial Strategy

1 Introduction

This report sets out the Medium Term Financial Strategy for the London Fire Commissioner (LFC) covering the period 2022/23 and 2024/25 as required under the Financial Management Code of Practice.

The MTFS is a key part of the LFC's financial management framework and helps to ensure that resources are aligned to strategic priorities. It improves financial planning and strategic financial management and provides the financial context within which budgets are set.

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

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

2 Economic context

The London Economy has been hard hit by the impacts of the Covid-19 pandemic as well as the impacts of leaving the European Union. These impacts potentially affect business rates and council tax revenue schemes which the Mayor receives and, in turn, is able to pass on to the LFC.

At the same time, during 2020 inflation rose considerably above the Government's 2% target and is forecast to reach 4% at some point in the next calendar year. There is global demand for energy, shortages in key supplies and the prices of oil has doubled in 2020. All of these factors impact our supply chains and ultimately cost inflation within our third party expenditure.

All of these factors mean that there is considerable uncertainty with financial planning and introduce some significant financial risks.

For the past few years, the Government has only given one-year settlements in the Comprehensive Spending Review but on 7 September 2021 the Chancellor of the Exchequer announced that he will conduct a three year spending review to cover the period from 2022/23 to 2024/25. It is hoped that this will greater certainty to financial planning. On the 27 October 2021, the chancellor of the Exchequer released the Spending Review, with further clarity to follow as part of the funding settlements expected in December 2021.

3 Background

On 30 July 2021 the Mayor issued his latest Budget Guidance setting out the GLAs estimates of the Group budgets for each functional body, covering the period to 31 March 2025 and has been issued to underpin the process of setting the 22/23 annual budgets. This guidance highlights the huge funding uncertainty which the Mayor currently faces given the impact of Covid-19, Brexit and lack of certainty within the Government's plans to address the significant impacts on the London and wider economy.

This GLA Budget Guidance includes estimates of business rates and council revenue and certain assumptions have been made in those estimates which may, or may not, prove to be correct.

Appendix 2 – Medium Term Financial Strategy

Unlike the Metropolitan Police, the LFC receives no support grant from the Home Office and is predominantly reliant on funding from the Mayor and his decisions on distribution of business rates and council tax.

The budget guidance gives three scenarios of estimates of funding and has asked functional bodies to use the "central scenario" in setting their budgets for 2022/23. However, the reality is that actual funding could be lower than this central scenario and therefore the Mayor's Chief of Staff has also asked functional bodies to have contingency plans in place, should actual levels of income be lower than the central scenario.

The Mayor has absolute discretion in distributing the GLA business rates income and it is therefore important that the LFC can demonstrate a strategic approach to its finances enabling the achievement of strategic objectives whilst at the same time delivering real efficiencies.

4 London Fire Commissioner strategic priorities

The London Fire Commissioner has outlined the following strategic priorities for the Brigade:

Strategic theme	Our aims – This is where we want to be by April 2022.
<p>The best people and the best place to work</p>	<p>Leadership: We will place a premium on leadership skills and will invest in leadership at all levels.</p> <p>Diversity & Inclusion: We will foster and embed a culture of togetherness so that every member of staff feels respected and valued regardless of their gender, sexuality, colour of skin, race or religion. Everyone will feel able to bring their whole self to work, feeling a sense of belonging in the Brigade because they can be themselves.</p>
<p>Seizing the future Outward facing</p>	<p>Developing our long-term strategy: Our long-term strategy is to become a forward-thinking service led organisation, with communities at the heart of our delivery. Our priority over the next twelve months will be to develop and launch our Community Risk Management Plan, which covers the period of our strategy from April 2022 to March 2026</p>
<p>Delivering excellence</p>	<p>Operational Excellence: We will build on the delivery of the Phase 1 GTI and HMI recommendations and our TDP. Through continuous improvement across our operational and enabling functions we will strive for excellence and efficiency in all we deliver.</p>

Following Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection of LFC and the subsequent report published on 17 December 2019 the LFC was required to develop an action plan responding to the report. HMICFRS carried out two virtual inspections in 2020.

Appendix 2 – Medium Term Financial Strategy

Following the HMICFRS inspections the Commissioner published his Transformation Delivery Plan (TDP) in January 2020.

The LFC is currently in the process of developing a Comprehensive Risk Management Plan (CRMP) which replaces the London Safety Plan and focuses on community engagement and outcomes. A new Target Operating Model (TOM) is also being developed which will focus on outcomes based service design.

Funding figures as set out by the Mayor represent increases in funding in each year, with an additional £7.1m provided in 2022/23, a further £12.7m in 2023/24 and a further £14.6m in 2024/25.

In order to achieve the requirement for a balanced budget in 2022/23 the LFC has carried out a budget setting exercise to identify the savings required, which will include maintaining operational staff vacancies 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.

5 The Strategy

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

- LFC resources are allocated to strategic priorities and the number of fire stations and appliances are not reduced
- Financial sustainability will be achieved through targeted investment and ensuring costs are minimised
- Opportunities for innovative and modern ways of working will be adopted as far as possible in line with the CRMP and new TOM.
- Appropriate investment continues to be made in transformation activity
- Resources are available to meet the recommendations arising from the Grenfell Tower Inquiry and the improvement plan from the HMICFRS inspection.
- Adequate investment in core infrastructure is maintained'
- Appropriate resources set aside to deliver key corporate strategies.
- General Fund balance will be maintained at 3.5% of NRE (net revenue expenditure).
- Earmarked reserves will be maintained for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually.
- The LFC will ensure that it operates within its approved budget.

6 Assumptions

Date

Appendix 2 – Medium Term Financial Strategy

The Mayor has proposed that the GLA and its functional bodies should assume for planning purposes that their allocation of discretionary income from the GLA for 2022/23 and future years is based on a 'central scenario'. As part of that central scenario:

- Business rates funding is assumed to increase by CPI inflation (estimated at 2%)
- Council tax Band D precept is assumed to increase by 1.99%.
- The Council tax base is assumed to increase by 1% a year.

The main assumptions in the MTFS are:

- 2% per annum pay award is applied to all staff groups.
- Each post has pay progression until the top of the grade/operational competence is reached.
- Energy and utility cost increases of 3% per annum with an additional £0.6m of funding from reserves in 2022/23 to reflect the current volatility in the market.
- Inflation is applied to other areas based on contractual requirements, linked to CPI, RPI and AWE as appropriate
- Increases in the rates of national insurance employer contributions are offset by additional Government funding.
- Any financial impacts of the pension remedy have not yet been included.

Appendix 2 – Medium Term Financial Strategy

7 Medium Term Financial Strategy 2022-2025

The Medium Term Financial Strategy sets out the proposed revenue budget for the next financial year (2022/23) and financial forecasts for a further two financial years. The table below sets out a summary of the financial position in each of those years.

	2022/23	2023/24	2024/25
	£m	£m	£m
Operational Staff	284.7	288.0	310.3
Other Staff	64.3	65.5	65.8
Staff Related	25.1	26.3	26.6
Firefighter Pension Scheme	21.8	22.0	22.3
Premises	43.9	44.8	44.9
Transport	17.6	16.8	16.1
Supplies and Services	31.7	31.3	31.8
Third Party	1.3	1.3	1.4
Financing	12.4	12.1	12.1
Income	-44.2	-45.7	-46.9
Surplus (-) / Savings (+) still to be achieved	-0.1	8.8	-0.3
Net Revenue Expenditure Total	458.5	471.2	484.1
<u>Funding</u>			
Reserves (excl. BFR)	-6.1	2.7	-4.4
Budget Flexibility Reserve	0.0	-8.8	0.0
Total – Reserves	-6.1	-6.1	-4.4
Specific Grants	-33.9	-33.9	-33.9
Budget – Mayoral Funding	418.5	431.2	445.8

As can be seen from the table, the brigade will have a net use of reserves of £16.6m across the MTFs. It is anticipated that the development of the new target operating model will form the basis for service redesign and to help deliver this to the brigade the Budget Flexibility Reserve will be used to smooth the delivery of these future savings plans.

Date

Appendix 2 – Medium Term Financial Strategy

8 Efficiency Plan

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

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

In order to meet the ongoing requirement, the proposals set out in the LFC Budget Submission to the Mayor should be considered as the Efficiency Plan for the LFC covering the financial year 2022/23.

A new VFM Principles framework will be used to underpin the strategic priorities and the new Target Operating Model and the development of future efficiency plans.

These principles will be proposed by the LFC CFO and scrutinised by the Finance & Investment Board prior to adoption. The latest framework includes:

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

This is not an exhaustive list but gives an indication of the LFC's approach to delivering value-for-money and efficiency savings

9 Reserves

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

As part of the budget setting process, the CFO must provide a statement on the adequacy of reserves that is subject to an external audit review to assess value for money and a going concern opinion. This will be form part of the final February budget submission.

Date

Appendix 2 – Medium Term Financial Strategy

- The LFC's policy on reserves is contained within the MTFS principles highlighted above and areas follows:
- The LFC will maintain its general reserve at a minimum of 3.5% of net revenue expenditure to cover any major unforeseen expenditure.
- The LFC will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
- The LFC will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities.
- A specific Budget Flexibility Reserve will be earmarked and maintained to smooth the delivery of efficiencies.
- The use and level of earmarked reserves will be reviewed annually by the CFO who will give an opinion on their adequacy.

10 Financial Risks

Covid-19 Pandemic

Covid-19 continues to present significant risk and uncertainty to the LFC.

The LFC incurred substantial additional costs in 2021/22 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. Whilst the LFC has budgeted for additional cleaning in 2021/22, this budget will no longer be available from 2022/23. If ongoing cleaning is required, this could result in a £2.1m pressure. The LFC holds a £2.0m reserve against Covid Risks.

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 LFC. In order to maintain resilience in front line response, the LFC 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 LFC's emergency fire crew contract and other financial pressures.

Firefighter and Local Government Pension Schemes

There was a material increase in the cost of employer pension contributions for the existing firefighter pension schemes, following the scheme valuation 2016. A grant has previously been provided to offset this pressure and it is assumed that this will be confirmed as ongoing in the Spending Review from 2022/23.

The Fire Brigade's 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.

Appendix 2 – Medium Term Financial Strategy

This remedy will take a number of years to implement, and arrangements are being considered to address the Immediate Detriment. The cost of meeting this Immediate Detriment (ID) could potentially reach £100m based on a number of different factors and discussions are ongoing with central government in relation to the funding of the remedy.

The LFC will also incur additional administration costs in implementing the new LGA Framework and this could pose a financial risk in 2022/23. It is hoped that more information will be available for the final budget submission.

Pay and Inflation

LFC has made a budget provision for a 2% pay award for all staff in each of the next three years from 2022/23 to 2024/25. However, this will be subject to consultation.

The budget currently assumes a saving of £14.7m from the phasing of the release of the operational recruitment freeze. Given the impacts of Immediate Detriment there is a risk to this saving being delivered. Again, this will be monitored closely over the coming months.

Property and equipment costs

The EU withdrawal process and Covid-19 have led to some significant economic uncertainty. The impact of this is currently unclear, and so preparing forecasts for increases in general inflation remains difficult. This is a particular risk in the Property Department.

The volatility surrounding utility costs has resulted in the 3% inflation becoming insufficient. Therefore an additional £0.6m is being funded from reserves to provide additional one-off funding. Further work will be undertaken before March 2022 to determine the level of risk in this area in the longer term.

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

There is a developing impact of the pandemic and EU exit on the supply chain and this may result further pressure on the supply of certain items including building supplies, vehicle components and IT equipment. This may result in further cost pressure.

Capital Expenditure and Financing

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

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

A risk exists in relation to meeting the emission reduction targets for 2030 (Ultra Low Emission Fleet (ULEF) programme) for the replacement vehicles and associated equipment in that the technology and infrastructure, if available at all, may be more costly than existing vehicle

Appendix 2 – Medium Term Financial Strategy

technology, leading to additional capital financing costs. Existing vehicles may need to be replaced earlier than their expected replacement date, bringing forward capital expenditure.

Funding from the Mayor and Central Government

This report includes the Mayor's indicative funding allocations for LFC for planning purposes covering the next three financial years. However there is significant uncertainty about the level of funding for future years due to a number of risks on the funding available to the Mayor, through retained business rates and the council tax, as well Government decisions on funding, including the spending/fair funding reviews. The MTFS has been formulated using the central scenario totals set out in the Mayor's Budget Guidance 2022/23 but there is a risk that actual funding could be lower.

Key operational systems

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

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

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 totalling £0.25m of revenue and £0.6m capital expenditure. However until actual contract award there remains a risk that these sums may be insufficient.

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.

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 may emerge.

Other risks

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

Appendix 2 – Medium Term Financial Strategy

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

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

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

Legal costs

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

11 Conclusion

The review of the MTFS has been undertaken against a backdrop of significant funding uncertainty and during a period of national and global economic instability arising from the impacts of Covid-19.

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

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

Appendix 3 – Savings Proposals Summary

The table below presents a summary of the savings proposals by department.

Department	Saving in 2022/23	Additional Saving in 2023/24	Additional Saving in 2024/25	Total Saving 2022-2025
	£000	£000	£000	£000
Control and Mobilising	169	0	0	169
Finance Services	140	100	115	355
Fire Safety	360	360	221	941
Health and Safety	0	32	0	32
ICT	800	674	123	1,597
London Resilience	24	21	23	68
Operational Policy	14	94	120	228
People Services	28	363	708	1,099
Property	1,688	85	0	1,773
Technical & Commercial	310	(150)	292	452
Training and Professional Development	8	0	0	8
Transformation	788	0	0	788

Appendix 3 – Savings Proposals Summary

TOTAL	4,329	1,579	1,602	7,510
-------	-------	-------	-------	-------

34 of 116

The detailed savings for each area can be seen below;

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
TPD01	Red phone rota SRA	Training and Professional Development	The out of hours training red phone support service has been moved across to Control. The remaining element of the allowances budget that paid for this service when it was provided on a rota by FRS staff can now be given up.	7,687		
Total		Training and Professional Development		7,687	0	0
T2	AC GTIRT	Transformation	Removal of post as GTIRT disbanded. The postholder has had a wider Transformation Directorate role since July '21	179,704		
T3	DAC	Transformation	Removal of post as GTIRT disbanded. The postholder has had a wider Transformation Directorate role since Nov '20	117,587		

Appendix 3 – Savings Proposals Summary

T4	FRS G	Transformation	Removal of post. The post holder had been responsible for GT / HMI reporting but has been working in a wider role in Transformation since November '20, when reporting responsibility passed to PMO in S & R.	88,905		
----	-------	----------------	---	--------	--	--

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
T5	Group Commander	Transformation	Post no longer required as GTIRT disbanded from Dec 2021	98,448		
T7	Station Commander x 1	Transformation	Post no longer required as SAI 287 will be completed by end of March '22	86,208		
T10	LFF	Transformation	Post no longer required as GTIRT being disbanded from Dec '21	57,861		
T11	Sub O	Transformation	Post no longer required as GTIRT being disbanded from Dec '21	60,575		
T12	Director's Staff Officer	Transformation	Removal of Staff officer post	98,448		
Total		Transformation		787,736	0	0

Appendix 3 – Savings Proposals Summary

PS1	Childcare budget	People Services	<p>Budget for Childcare could be reduced and redistributed. Based on the predicted underspend of £62k, £10k will be transferred to the CTS budget and a further £20k can be given up as a saving. This will leave a £30k underspend which will give us a margin for any increase in childcare claims now that COVID restrictions have lifted. Additional savings after 22/23 will depend on the spend and I would like the opportunity to see what the claims are like over the next 6-9 months (if possible).</p>	20,000		
-----	------------------	-----------------	--	--------	--	--

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
PS2	Staffing	People Services	Unused hours 1xFRS B and 1xFRS C; remaining hours to be deducted 2023/4		54,225	
PS3	Recruitment Advertising	People Services	Unable to give up the remainder of this budget line in entirety (ie £44,300) but some saving can be offered.	8,300	8,300	8,300

Appendix 3 – Savings Proposals Summary

PS4	People Services Strategy	People Services	Proposed savings to be delivered following the implementation of the People Services Strategy (LFC-0560)		300,000	700,000
Total		People Services		28,300	362,525	708,300
OPA 1:2	Flood recall budget	Operational Policy	Flood recall budget..Saving available due to delay in implementation.	1,468		
OPA 1:3	Flood recall budget 23/24	Operational Policy	Additional saving of 12,303 to be realised in 2023-24 proposal	12,303		
OPA 2:1	1 x GC RPE Project Manager	Operational Policy	Reduction of 1 x GC RPE project Manager		94,448	
OPA 3:1	1 x RPE FRS D/E	Operational Policy	Reduction of 1 x FRS E RPE Assistant Project Manager			59,057
OPA 3:2	1 x RPE Sub.O	Operational Policy	Reduction of 1 x Sub.O RPE Project Assistant			60,575
Total		Operational Policy		13,771	94,448	119,632

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
-----------	--------------	------------	--------------------	-----------------------------------	-----------------------------------	-----------------------------------

Appendix 3 – Savings Proposals Summary

H&S 1	Safety Event Reporting Database administration (potential reduction in FRS administration roles)	Health and Safety	The Health and Safety department have introduced a new Safety Event Reporting Database (SERD). Following the full intergration 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	
Total		Health and Safety		0	32,400	0
CM1	Reduction in Overtime Budget	Control and Mobilising	Reduction in Overtime Budget linked to a shift change in control.	133,000		
CM2	Change of 2 x Operations Mangers Podts to Control Room Officer Posts	Control and Mobilising	Reduction of posts linked to a shift change in control.	36,000		
Total		Control and Mobilising		169,000	0	0
LRG1	Reduced MAGIC full course provision	London Resilience	Reduction of 1 full MAGIC Course per year provided for partners.	17,000		
LRG2	Reduced MAGIC Lite Course	London Resilience	Reduction of 1 MAGIC Lite Course per year provided for partners.	6,500		

Appendix 3 – Savings Proposals Summary

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
LRG3	Removal of London Situational Awareness System	London Resilience	Removal of the London Situational Awareness System, partnership based automated information collation tool.		16,800	
LRG4	Removal of Recruitment advertising budget	London Resilience	Removal of recruitment advertising budget with a move to online digital		4,000	
LRG5	Reduction in the number of FRS LLACC volunteers through changes to the on-call system	London Resilience	Phased removal of funding for FRS LLACC volunteers over 2 years to create two year savings targets.			22,500
Total		London Resilience		23,500	20,800	22,500
P3	Staffing	Property	Mechanical & Electrical Project Manager (part of role)	31,398		
P4	Energy	Property	Energy switch off	30,000		
P5	Premises	Property	Facilities Management budgets to produce £50k savings	50,000		
P6	Premises	Property	Clerkenwell to close (running costs may be achievable, estimated savings based on last year's actuals)		85,000	

Appendix 3 – Savings Proposals Summary

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
P9	Lease for Railway Arches	Property	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 Lamberth. It is proposed that demand for the facility is reviewed and unused funds returned.	2,000		
P10	Property Consultants	Property	Reduction in property consultants budget following review. This service will be delivered through existing budgets	30,000		
P11	Building Checks	Property	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		
P12	Rental Income	Property	To seek new tenants for vacated or surplus accommodation at Union Street and across the estate.	1,400,000		

Appendix 3 – Savings Proposals Summary

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
P13	Estates Management	Property	Recruit specialist technical resource at FRS F in house and reduce the use of external Estate management consultant and associated fees.	5,000		
Total		Property		1,688,398	85,000	0

Appendix 3 – Savings Proposals Summary

Fin1	MFB Act - Additional Income	Finance Services	<p>Metropolitan Fire Brigade Act 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 may lead to increases in terms of insured business. Previous years outturns provided positive indications on the buoyancy in sums insured, therefore it is proposed to increase the 3.5% year on year 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</p>	139,732	19,732	114,732
------	--------------------------------	------------------	--	---------	--------	---------

Appendix 3 – Savings Proposals Summary

			business with people choosing not to insure, or taking more risk			
--	--	--	--	--	--	--

Appendix 3 – Savings Proposals Summary

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
			to reduce the cost of insurance premiums.			
Fin3	Efficiencies from impementation of new Finance and Payroll & HR systems	Finance Services	There are two projects underway to replace the LFC's HR and Payroll System and also the Finance System in 2022/23 and 2023/24 respectively. Both of these are old systems that are not capable of exploiting the technology developments that are available in the market at present. These would support streamlined and fully audited systems and hence support our strategic aims around staff and manager accountability embedded within the Transformation Delivery Plan. It is therefore anticipated that the implementation of the new systems will likely deliver efficiencies which will be identified in a review of the staffing resources and work processes.		80,000	
Total		Finance Services		139,732	99,732	114,732

Appendix 3 – Savings Proposals Summary

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
ICT - S01	E64 Mobilising Project SCC - Senior Operations Mgr	ICT	Deletion of this vacant post	72,289		
ICT - S02	E64 OM Mobilising Project - Operations Mgr	ICT	Deletion of this vacant post	61,664		
ICT - S03	E64 Technical Project Mgr - FRS F	ICT	Deletion of this vacant post	69,773		
ICT - S04	E64 Mobilising Project Officer - FRS D	ICT	Deletion of this vacant post	50,343		
ICT - S05	E64 Mobilising Project Manager - FRS F	ICT	Deletion of this vacant post	69,773		
ICT - S06	E75 - Agency Allocation ends 31/3/2023	ICT	Elimination of the budget to support the development of the Data Platform established as part of the overall Business Intelligence solution project		179,665	
ICT - S07	ICT Contract Inflation	ICT	This reflects a reduction in inflation forecasts under RPI for a range of contracts in 2021/22 and 2022/23.	46,513		

Appendix 3 – Savings Proposals Summary

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
ICT - S08	Data modelling budget reduction	ICT	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		
ICT - S09	Emergency Services Network (ESN) staff	ICT	Remove the unfilled posts of ESN Project Director - 80% x TMG A and Business Change Support Manager - FRS E.	180,569		
ICT - S10	ICOS	ICT	ICOS Annual support contract costs	125,000	125,000	10,000
ICT - S11	E75 - BI Posts	ICT	Deletion of the following posts FRS E x 1 D x 4 C x 1 Post ends 31/3/2023		299,423	
ICT - S14	Change in mobile device (e.g. phones, tablets) management tools	ICT	Implementing Microsoft InTune to fully replace Airwatch software based on 918 managed devices.	94,000		
ICT - S15	E64 HR Replacement Project Mgr	ICT	This is the reversal of a one year extension to this post so is only available if the extension is granted as part of the growth items from ICT.		69,773	

Appendix 3 – Savings Proposals Summary

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
ICT - S16	Finance System Replacement Project	ICT	This is entered as a marker for the changes expected to arise from the project delays associated with the full examination of the options for collaboration on this project. These took time to fully explore with a feasibility study undertaken with TFL which determined that collaboration was not viable at this stage in the respective project cycles for the 2 organisations. The outcomes of this together with a request for project approval are being progressed through the governance process by the Finance department.			113,000
Total		ICT		799,924	673,861	123,000
FS1	Delete Head of Community Safety post	Fire Safety	Delete Head of Community Safety TMGC post	108,281		
FS2	Policy Teams Review	Fire Safety	Reduce number of posts and core budgets once review complete	117,560	22,500	

Appendix 3 – Savings Proposals Summary

FS3	Safeguarding contributions	Fire Safety	Cease the contribution of £1000 to each Borough	33,000		
-----	----------------------------	-------------	---	--------	--	--

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
FS4	Fire Safety Policy Teams core budgets	Fire Safety	Fire Safety Policy Teams core budgets		37,000	
FS5	BSG Catering Budget	Fire Safety	permanent reduction in budget	15,396		
FS6	Delete vacant SC post in Management Support	Fire Safety	Deletion of High Risk Premises Team SC post	86,159		
FS7	Grants & Subscriptions - MS	Fire Safety	Management Support		10,000	
FS8	Professional Services	Fire Safety	Professional Services		40,000	
FS9	Consultants	Fire Safety	Consultants		25,000	
FS10	Reduction in core budgets in transport/travel following a post covid review	Fire Safety	Review of budgets across the dept		25,578	
FS11	Delete the BAA posts(once	Fire Safety	Delete the BAA posts(once returned to establishment)			120,660

Appendix 3 – Savings Proposals Summary

	returned to establishment)					
FS12	Other CS core budgets	Fire Safety	Other CS core budgets		28,000	
FS14	Grants & Subscriptions - MS	Fire Safety	Management Support			10,000

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
FS15	Reduce Team Leader cadre down from 16 to 14 – delete 2 SC	Fire Safety	Delivery - this is dependant on growth bid for CLE agreed		172,318	
FS16	Convert up to 3 SC TL posts to FRS E	Fire Safety	Delivery - this is dependent on Officer Review			90,393
Total		Fire Safety		360,396	360,396	221,053

Appendix 3 – Savings Proposals Summary

2	Modifications	Technical & Commercial	Reduce the Modifications Budget to only account for H&S related modifications. Factor all other changes into future replacements or ask depts. for growth in their project budgets and the requirement for operational change. This is in line with the spend on this budget over the last number of years which has been greatly reduced. In 17/18 the spend was £40k, in 18/19 £20k and in 19/20 £113k	100,000		
---	---------------	------------------------	--	---------	--	--

Appendix 3 – Savings Proposals Summary

5	Additional Savings across Contracts	Technical & Commercial	<p>Write to our main contractors and ask for savings proposals. In lieu of current proposals. This could result in a change to the operating model of performance regime. We would asked the contractors to provide ideas where minor changes to the operating model could lead to additional savings. The savings proposed are 2.5% of the annual service charge. These targets could be flexed but it was felt this represent an achievable target without fundamentally changing the service provision. The figures are a target with no current detail to back them up. Original in as 10% as these were the levels we achieved previously with BV and PPE. But as these have already been reduced we agreed to move this down to 2.5%. These are not based on frim ideas but the approach as last time for these contractors to come up with ideas which would reduced the charge, without reducing the service levels materially. This 2.5% of the service charge budgets. It ignores the pass-</p>		292,224
---	-------------------------------------	------------------------	---	--	---------

Appendix 3 – Savings Proposals Summary

Reference	Saving Title	Department	Saving Description	Additional Saving in 2022/23 £	Additional Saving in 2023/24 £	Additional Saving in 2024/25 £
			through budgets. (NB Lack of capacity within the department during 2020/21 has not afforded this exercise to be undertaken.)			
11	One off insurance saving (claims reserve)	Technical & Commercial	There is an excess of more than £150k in the reserve for claims settlements which will not be needed. This can be offered up as a one off saving for 2022/23. (Note, given that the £150k saving is a one off lump sum, not a saving every year going forwards, it has been entered in 2022/23 and then entered as a minus in the following year to prevent it from being processed as a continuing saving in the base budget)	150,000	(150,000)	
12	Budget line 4066 Protective equipment	Technical & Commercial	These savings have been found as a result of reviewing previous expenditure and forecasting future spend.	30,000		
13	Budget line 4068 Telemetry maintenance	Technical & Commercial	These savings have been found as a result of reviewing previous expenditure and forecasting future spend.	30,000		

Appendix 3 – Savings Proposals Summary

Total		Technical & Commercial		310,000	(150,000)	292,224
Total		Savings		4,328,444	1,579,187	1,601,441

Appendix –
4 Growth Proposals Summary

The table below presents a summary of the growth proposals by department.

Department	Growth in 2022/23	Additional Growth in 2023/24	Additional Growth in 2024/25	Total Growth 2022-25
	£000	£000	£000	£000
General Counsel	1,393	0	0	1,393
Transformation	1,488	0	0	1,488
People Services	1,232	(38)	37	1,231
Finance Services	525	(15)	0	510
ICT	1,228	760	0	1,988
Property	575	0	0	575
Fire Safety	126	182	182	490
Operational Policy	137	0	0	137
Control & Mobilising	227	0	0	227
Operational Resilience	41	0	0	41
TOTAL	6,972	889	219	8,080

Appendix 5 – Growth Proposals Summary

51 of 116

The detailed growths for each area can be seen below;

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
General Counsel	Removal of income budget for reimbursement from NFCC for Head of Governance costs providing support to NFCC.	40,600		
General Counsel	Removal of budget for recovery of legal costs in property related matters (i.e. remove income budget).	20,000		
General Counsel	Re-procurement of Legal Case Management System	32,000		
General Counsel	Grenfell Legal Costs shortfall	500,000		
General Counsel	Compensation Budget	800,000		
General Counsel	Total	1,392,600	0	0
Transformation	TMG B - Head of Business Improvement	118,595		
Transformation	TMG B - Head of Portfolio	118,595		
Transformation	FRS G - Head of Performance Management	19,132		
Transformation	FRS F - Business Assurance Manager	69,773		
Transformation	FRS E - Business Continuity Officer	56,028		
Transformation	FRS E - Continuous Improvement Officer	56,028		

Appendix 5 – Growth Proposals Summary

Transformation	FRS E - Business Assurance Officer	56,028		
Transformation	FRS E - NFCC Liaison Officer	56,028		
Transformation	FRS G - Portfolio Manager	88,905		
Transformation	FRS E - Portfolio Coordinator	56,028		
Transformation	FRS D - PMO Officer	50,434		
Transformation	FRS E - PMO Analyst	56,028		
Transformation	FRS G - Programme Manager x 3	266,715		
Transformation	FRS F - Project Manager x 7	488,411		

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
Transformation	FRG G - Business Change Manager	88,905		
Transformation	FRS E - Business Change Officer x 5	280,140		
Transformation	FRS D - Business Analyst	50,434		
Transformation	FRS D - Business Analyst	50,434		
Transformation	FRS D - Project Support	50,434		
Transformation	FRS D - Reporting Officer x 2	100,686		
Transformation	DAC - Transformation	117,567		
Transformation	SC - Business Assurance	87,591		
Transformation	TMG A - Grenfell Tower Strategic Advisor x 0.4	54,433		
Transformation	Training to build capability amongst Directorate staff	40,000		
Transformation	Growth to accommodate current subscriptions paid for by S&R for the whole organisation - CFOA, Association of Project Management, Survey Monkey	11,000		
Transformation	Costs to be contained within existing reserve funding.	(1,000,000)		

Appendix 5 – Growth Proposals Summary

Transformation	Total	1,488,352	0	0
People Services	See Organisational Change report and proposed TOM. Investment being sought for key posts	108,281		
People Services	See Organisational Change report (LFC-0560) and proposed TOM. Investment being sought for key posts	177,810		
People Services	See Organisational Change report (LFC-0560) and proposed TOM. Investment being sought for key posts	209,319		
People Services	To make permanent the role in the Learning Support Team (role takes responsibility for processing the administration of the team and focusing on FF(D)s). FRS C	42,021		

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
People Services	To extend the Learning Support Team advisor roles, by introducing an additional advisor. This role would also undertake a proactive role, as a specialist, in training cohorts of staff to understand neurodiverse learning needs within their teams FRS E	56,028		
People Services	To have a permanent FRS member of staff who is a specialist in leadership development, to lead in delivering targeted interventions working with staff across the team. FRS E.	56,028		
People Services	To have a permanent FRS member of staff who is a trained coach and mentor, who can oversee the coaching service and train new internal coaches across the organisation. FRS E	56,028		
People Services	To provide administrative support to the team including planning events, scheduling programmes and liaising with Training and Professional Development. FRS C	42,021		

Appendix 5 – Growth Proposals Summary

People Services	Activity cost: To increase the fund for hiring external coaches and training staff internally.	35,000		
People Services	Activity cost: To increase the funds available for leadership programmes for middle and executive leaders. We have funding for middle leadership programme secured for three years (pending approval), but are reliant on general development funds for executive leadership programmes.			100,000
People Services	Activity cost: To increase the funds available for targeted inclusion programmes. This will allow us to increase the external specialists we bring in for targeted programmes, such as 'Lets Talk About Race'.	50,000		

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
People Services	<ul style="list-style-type: none"> DTS Refresh – FRS E to lead as SME but FRS D to support with research, collating information, preparing documents, scheduling meetings, launch materials/ training etc. Managing Attendance Policy - FRS E to lead as development , but FRS D to support with StARS testing, scheduling meetings, launch materials/ training etc. An elearning module will be developed so that after the initial launch new managers have access to training Pension Remedy Activities – Support with progressing cases to IQMP for assessments, necessary chasing/ follow up including communicating outcomes as appropriate Wellbeing Strategy – Creation of a development plan for Wellbeing Partners and scheduling events, Wellbeing promotional materials, arranging Wellbeing Webinars, liaison with comms, maintaining Hotwire pages/ Wellworks 	50,343	(50,343)	

Appendix 5 – Growth Proposals Summary

People Services	Given the short timescales to implement the new HR system, additional resources are required to help with the implementation. Resource to be shared as follows in 2022/2023 and 2023/2024 financial years: April 22 onwards covered by OH project role growth bid – 1 days with HRMPI/ 4 days with Wellbeing To provide project administration and delivery support for the Occupational Health retender and following implementation.	50,343	12,586	(62,929)
People Services	To provide dedicated support at team leader level for operational uniformed recruitment FRS D	50,343		

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
People Services	To re-align x1 long standing temporary staff requirement into the establishment and provide required resources for various additional operational workstreams 2 x FRS B	72,422		
People Services	To support the work of the Talent Management Team FRS C	42,021		

Appendix 5 – Growth Proposals Summary

People Services	The present establishment of the Fitness Advice Team (part of LFBs Wellbeing Team) is 2.5 FTE FRS D posts. The necessity for an additional FRS D Fitness Adviser post (presently on a fixed term contract until 31/6/2022) has been to ensure that the throughput of fitness testing is sufficient to be able to provide all operational staff with a fitness test every 18 months during their careers with LFB and that all other activities performed by the team are able to be maintained, inclusive of Firefighter recruitment fitness testing, outreach work, Functional Restoration Programme activities and ongoing 121 support for staff needing remedial fitness/wellbeing support	50,343		
People Services	Contract with Babcock to schedule and administer periodic fitness testing. Babcock already have the necessary functionality to identify eligible staff to complete fitness testing	30,000		

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
People Services	The Brigade has recently agreed to reimburse to FFs the costs of obtaining an LGV licence (medical plus theory test) to assist with the driver shortage. LGV reimbursements (renewals) currently come from a PS budget, but the existing budget will not cover these additional costs. It may be that this can be funded by a virement from Fire Stations as the intention is that this will be self-financing through reductions in standbys/PAO, but until this is confirmed, a growth bid is being submitted. A growth bid equivalent to the costs of 300	54,000		

Appendix 5 – Growth Proposals Summary

	LGV licences annually is submitted (@£180 each; £120 for the medical; £60 for the theory test).			
People Services	Total	1,232,351	(37,757)	37,071
Finance Services	Review of Corporate Services	500,000		
Finance Services	This growth is needed to provide professional accountancy training for Finance that is not available through Training department or the Babcock Training contract. This training allows for professionally qualified staff having to maintain their qualifications through Continual Professional Development (CPD) which is a requirement of their jobs and will enable staff to keep up to date with various updates in government legislation as pertains to financing, reporting, and statutory duties. It will also allow support to be provided to part qualified staff to continue with their accountancy qualifications which is considered essential to staff recruitment and retention and allow career progression in Finance and ensure that the LFC has the best people and is the best place to work. Accountancy Training for Finance Department	10,000	(5,000)	

Appendix 5 – Growth Proposals Summary

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
Finance Services	<p>This growth is needed to provide specific Finance Business Partner (FBP) training by CIPFA for a number of Finance staff to strengthen and improve the financial support provided to the LFC. It will enable Finance to support the LFC and enable FBPs to use their expertise to advise and guide decision makers from both a strategic and operational perspective and maximise the professional support we can offer. It should allow our FBPs to develop a more commercial approach and maximise and enhance the relationship between finance and non-finance professionals across LFC.</p> <p>The CIPFA Diploma in Finance Business Partnering focuses on the skills, knowledge and expertise required to operate effectively as an FBP. The bid allows for in-house training for a number of staff by CIPFA for 2022/23 and for some further training in future years for new staff. This training is not provided by Babcocks or Training Department.</p>	15,000	(10,000)	
Finance Services	Total	525,000	(15,000)	0

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
-------------------	--------------------	---	---	---

Appendix 5 – Growth Proposals Summary

ICT	<p><u>Application Support Test Manager</u> The purpose of the post is to work in conjunction with all of ICT's system managers in order to manage all aspects of software/ system testing requirements. The position will be dedicated to understanding each application and the multiple layers and process ties with all other applications that would be able to run testing over each application and the full functionality tests would prevent system failure / downtime and lead to much more efficient process.</p> <p>This includes problem analysis and workarounds and undertaking managing the documentation; performing manual and automated tests; reporting on software faults; fault tracking and proposing fault resolutions and workarounds.</p> <p>This requires the addition of 1 x FRS E Application Support Test Manager</p>	56,028		
-----	---	--------	--	--

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
------------	-------------	-----------------------------------	-----------------------------------	-----------------------------------

Appendix 5 – Growth Proposals Summary

ICT	<p>Microsoft 365 Transformation team</p> <p>The proposal is to establish the post of Transformation Manager and assistant as funded posts within the ICT Department, but dedicated to working in an outreach capacity with Brigade departments, and guided by the Brigade's transformation agenda. The aim would be to embed the use of M365 (and any other future productivity software) by the creation of change champions across the organisation who both understand and can use the M365 software and services to deliver changes in their area.</p> <p>This requires the addition of 1 x FRS G 1 x FRS D</p>	139,248		
-----	--	---------	--	--

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
------------	-------------	-----------------------------------	-----------------------------------	-----------------------------------

Appendix 5 – Growth Proposals Summary

ICT	<p><u>Additional staffing for the Information Access Team</u> To address significant additional work from an increase in subject access requests since 2018 (where individual request their own personal data in according with their DPA rights) and the nature and range of information falling within scope of those request have broadened, leading to longer case handling times. The GDPR changes also brought in increased governance and accountability requirements which requires the team to assist other parts of the Brigade with Data Protection Impact Assessments (a legal requirement), respond, record and investigate data breaches and provide individual advice and guidance, including specific awareness (training) inputs. The current resourcing is not sufficient to ensure the Brigade adequately meet its legislative obligations under the DPA and FOIA.</p> <p>This growth bid is to increase the Information Access Team by 2 x FRSD Information Access Case Manager and 1 x FRSD Information Assurance Manager.</p>	151,030		
-----	---	---------	--	--

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
------------	-------------	-----------------------------------	-----------------------------------	-----------------------------------

Appendix 5 – Growth Proposals Summary

ICT	<p><u>Additional staffing for the Service Management Team</u> To provide the resources required to deliver configuration and other service management elements now being generated by the Cyber essentials accreditation process, a pre requisite for the use of the Emergency Services Network (ESN). This is a fundamental requirement for LFB as it will provide the incident communications platform for many years to come. This requirements tightens the controls over the management of equipment and services.</p> <p>This can be achieved through the addition of 1 x FRS D Service Management Analyst</p>	50,343		
ICT	<p><u>Fire Station Technical Project Support</u> LFB has transformed the way in which its ICT services are consumed and this process is set to continue. In the old model all ICT resources were centrally managed through a single citrix based solution and whilst this still has its place the needs of the orgainsation have changed. Many current and future projects require site visits to the point at which the service is delivered. This includes video conferencing, printing, telephony, network changes. There are also an increasing number of projects requiring on site attendance such as command unit, MDT, Appliance tablet and Satnav work. Currently there is a single full time resource allocated to this work.</p> <p>This can be achieved through the addition of 3 x FRS D Techical project Support Officers</p>	151,030		

Department	Description	Additional Growth in	Additional Growth in 2023/24	Additional Growth in 2024/25
------------	-------------	----------------------	------------------------------	------------------------------

Appendix 5 – Growth Proposals Summary

		2022/23 £	£	£
ICT	<p>Technical Security Engineers</p> <p>Over the past seven years, in response to ever increasing cybersecurity and viral threats including ransomware, the security infrastructure has grown significantly to include a number of specialist products to detect and prevent malicious activity. This growth in complex security solutions has coincided with ever increasing project requirements and the ICT infrastructure becoming more complex and critical to the operation of LFB.</p> <p>The solution requires the creation of 2 further FRS E Security Analysts to enable current and future workloads to be met. Additionally this will allow the Team leader to spend more time on managing and prioritising workloads. A correctly resourced team will be able to complete project work on time, manage the day to day BAU requests and ensure Cyber Security systems and solutions are managed, monitored and supported.</p> <p>This can be achieved through the addition of 2 X FRS E, ICT Security Analysts</p>	112,056		

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
------------	-------------	-----------------------------------	-----------------------------------	-----------------------------------

Appendix 5 – Growth Proposals Summary

ICT	<p>Data Platform</p> <p>In 2018 a project was established and funding made available to develop this solution, however the specific funding ends 31/03/2023. The aim of the project was to provide the capability to transform reporting from being a system-centric, department siloed, Individual requirement driven, transactional level effort into an enterprise-wide , event focused approach, with the data organised for analysis. This allows a high degree of reuse, is scalable, extendable, repeatable and future proofed. The project will have delivered the first steps of this journey as planned but this will need to continue in order to realise the return on this project investment. In addition the brigades data set is continuously evolving as new elements are identified, systems are enhanced to meet business needs or replaced as part of the procurement cycle. This represents an ongoing need to adapt, develop and enhance the data platform solution.</p> <p>This is not possible with existing resources and will require the following posts to be established.</p> <p>1 x Data engineer - FRS G 1 x BI visualizer - FRS E 1 x Data modeller - FRS E</p>		280,352	
-----	--	--	---------	--

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
------------	-------------	-----------------------------------	-----------------------------------	-----------------------------------

Appendix 5 – Growth Proposals Summary

ICT	<p><u>ICOS</u> This growth item is a budget correction and re profiling following a successful tendering exercise. A corresponding saving has also been included in this return There is a net saving of £40,000pa.</p> <p>This is an agreed corporate project.</p>	220,000		
ICT	<p><u>Protection against a denial of service attack (DDoS) - Azure Services</u> Some recent issues accessing ICT resources remotely have been linked with Distributed Denial of Service attacks.</p> <p>Microsoft offers the option to rent service space via their service Azure. All members benefit from basic DDoS protection. Features include always on traffic monitoring and real time mitigation of network (layer 3) attacks for any public IP addresses you use. This is the very same type of protection afforded to Microsoft's own online services and the entire resources of Azure's network can be used to absorb DDoS attacks.</p> <p>This item will require some additional work but is raised here as a future option as we move more services to Azure.</p>		30,000	

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
------------	-------------	-----------------------------------	-----------------------------------	-----------------------------------

Appendix 5 – Growth Proposals Summary

ICT	<p><u>Remote Access Resilience - Project</u></p> <p>This funding is to provide alternative connection to the internet for LFB services.</p> <p>The cost for this are currently high level estimates of the cost of creating the alternative route providing appropriate access control servers and firewall protection.</p>		150,000	
-----	--	--	---------	--

Appendix 5 – Growth Proposals Summary

ICT	<p><u>BI competency unit.</u></p> <p>The Brigade is concluding its funded project to implement a Business Intelligence Solution for the organisation. In completing this work, the business has seen the introduction of data visualisation reporting and dashboards (MS Power BI) along with a centralised reporting portal for all data and analysis work (LFB Data). This project has worked alongside the Data Platform Project which will see, for the first time, the Brigade establishing a formal data repository that will align our data regardless of source systems (similar to a data warehouse).</p> <p>This growth bid is about furthering the scope of this work, on a permanent basis, to build competence in business intelligence across the organisation. The TOM recognises that the Brigades activities and decisions must be informed by data-driven insights to create an evidence base for action. It would establish capacity within IM to deliver a "BI Competency Unit" that would work alongside individual teams across the Brigade to understand their data needs, create bespoke reports for regular tasks and activities, and build a simplified view of their data (via the data platform) from which local ad-hoc analysis can take place by upskilling the subject matter experts within that team (in each user department) in BI. This approach will create greater selfsufficiency for data led decision making within local teams, whilst freeing up capacity within the established IM Team to work on the pan-organisational data challenges and reporting.</p> <p>The growth bid is for</p>		156,715	
-----	---	--	---------	--

Appendix 5 – Growth Proposals Summary

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
	1 x FRSE BI Relationship Manger 2 x FRSD Data Analysts			
ICT	<p><u>Improving the use of location related data</u> This bid is to extend the IM Business Intelligence Team so that location data analysis can become a staple focus of the team working towards aligning the various external datasets that provide (disjointed) information on building geography, height, use, addressing and extent; and matching the Brigade's location-based records, across multiple systems, to that information.</p> <p>This requires the addition of 2xFRSD Data Analysts 1xFRSC Research Analyst</p>		142,708	
ICT	<p><u>E64 HR Replacement Project Mgr</u> This post was established to manage the replacement payroll and HR system project through to delivery and is currently scheduled to end on 31/03/2022. This approved project has only now completed the governance and procurement phases and is about to enter the delivery phase. However, the project will not deliver by the original estimated end date requiring this post to be extended by one year, to 31/03/2023, through the normal process, to allow for the completion of the delivery phase.</p>	69,773		

Appendix 5 – Growth Proposals Summary

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
ICT	<p><u>Additional Data and Voice Connections</u> In the last year 442 additional voice and data connections have been added to the brigades estate to support staff working remotely. 251 of these are data only and deployed in tablets and laptops and 191 are voice and data issued with new phones.</p>	74,256		
ICT	<p><u>Addition of new devices to support contracts</u> In the last year 251 new devices have been deployed, 132 tablets and 119 laptops, These devices need to be added to the hardware break fix contract.</p>	18,825		

Appendix 5 – Growth Proposals Summary

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
ICT	<p><u>Hosted telephony</u> DMFD119 sets out the expected annual revenue cost of the new contract, with the finance comments identifying the requirement for a growth bid as part of the budget process for 2022-23.</p> <p>As part of the tender, the LFC will request that some additional services in response to requests from some departments for specialist telephony facilities. These additional services are as follows:</p> <ul style="list-style-type: none"> • Call logging functionality: the lack of any basic information about the volume of callers, the length of calls, and overall use of the service • Ability to record a limited number of chosen extensions: this facility would be for the recording of abusive inbound calls. • the LFC is now looking to move away from fixed telephony for office staff and exploit the advantages of cloud and virtual services, through the wider adoption of Microsoft Teams (MS Teams) functionality. 	45,000		

Appendix 5 – Growth Proposals Summary

ICT	<p><u>Extending Remote Access facilities to all office based staff</u> In response to the pandemic ICT extended the user base for remote access to all office based staff. The return to work strategy and home working policy ensures that this will be an ongoing requirement rather than a one off expense. As a consequence the licence and access mechanisms for this service will need to be extended on a p[erman</p>	33,650		
-----	--	--------	--	--

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
ICT	<p><u>Infrastructure Design and Support Analyst</u> As IT technology has matured and developed, the solutions have become more embedded, dependant and more complex. As we begin to adopt more cloud based technologies, a further layer of complexity is introduced. Together with our ever increasing dependency on technology, the role completed by the infrastructure team becomes more challenging. The more IT technology we invest in, the wider the skillset required of the engineers in the role. It's become impractical to expect engineers to be a 'jack of all trades' and engineers are becoming more specialised in certain technology areas creating skills gaps and resource bottle necks for certain types of work. Recent deployments such as AWA and FSG have leveraged cloud technology to allow them to be accessed outside the network perimeter, utilising 4G coverage to run these applications on mobile devices whilst having access to real time information.</p>	56,028		

Appendix 5 – Growth Proposals Summary

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
ICT	<p>ICT Service Analyst</p> <p>As the organisations dependency on IT services continues to grow both within back office and in an operational sense (MDTs, tablets, Command Units, etc), and the continued exploration of further initiatives such as drones, body worn cameras etc, there is an ever-increasing demand for IT support services. As technology matures and develops it becomes more available and reliable as does the expectation that the IT service is always on and supported. As remote working becomes a longer term option, our ability to resolve calls as quickly as possible will be key to keep our users working as efficiently as possible wherever they are.</p>	50,343		
ICT	Total	1,227,610	759,775	0
Property	Utilities – Additional pressures above and beyond the 3% inflation that has previously been applied to the MTFS. Due to the current market volatility, this will receive one off funding the budget transformation reserve. Though this will need to be reviewed once the market has settled for future years and may result in further MTFS baseline growth in future years.	575,000	0	0
Property	Total	575,000	0	0

Appendix 5 – Growth Proposals Summary

Department	Description	Additional Growth in 2022/23 £	Additional Growth in 2023/24 £	Additional Growth in 2024/25 £
Fire Safety	Funding to support posts in Centre of Learning & Excellence and Building Design and Consultation hub that cannot be funded via grants received due to grant conditions. This will enable the delivery of key improvements and will help to meet the areas identified for improvement under the last HMICFRS inspection.	125,801	181,829	181,829
Fire Safety	Total	125,801	181,829	181,829
Operational Policy	The delivery of this work stream directly supports Delivering Excellence in quality and effectiveness of our firefighting response through a sector leading training course.	68,374		
Operational Policy	This supports seizing the future and becoming a true learning organisation under the TDP and delivering excellence by improving the effectiveness of our service.	68,374		
Operational Policy	Total	136,748	0	0
Control & Mobilising	Increase of 5.1 % addition for control staff pay for increase of hours worked	192,000		
Control & Mobilising	Increase in budget for it hardware and software costs as no current budget therefore not able to take advantage of latest innovation and making adjustment for previous overspend	20,000		
Control & Mobilising	Equipment, furniture to continue to maintain post covid regime and facilitate changes at the loc with command unit and incident command training.	15,000		
Control & Mobilising	Total	227,000	0	0
Operational Resilience	Personal Assistant support to Assistant Commissioner	41,173		

Appendix 5 – Growth Proposals Summary

Operational Resilience	Total	41,173	0	0
	Total Growth	6,971,635	888,847	218,900

In addition to the departmental growths, there is also a £5,400,000 brigade wide growth due to MTFA.

Appendix 5 – Capital Strategy

LFC Capital Strategy 2022/23 and beyond

Introduction

1. The Capital Strategy has been developed in accordance with the CIPFA Prudential Code (2018 edition) to ensure that all amounts borrowed by London Fire Commissioner's (LFC) are affordable. The Capital Strategy outlines the LFC's approach to capital investment decisions and priorities, ensuring that it is in line with corporate priorities. These priorities are set out in the London Safety Plan (LSP), and Transformation Delivery Plan.
2. The LFC is developing a Community Risk Management Plan (CRMP) and Target Operating Model (TOM) to be in place from 2022/23 and these will be key to informing the Capital Strategy going forward. The Capital Strategy supports the Brigade and it is intended to give a high-level overview of how capital expenditure contributes to delivery of services and its purpose as an organisation trusted to serve and protect London, and delivery of the Mayor's priorities.
3. The LFC Capital Strategy considers longer term capital investment requirements over a 15-year timeframe from 2026/27 to 2040/41 and includes a detailed 5-year programme of specific investment needs for LFC assets.
4. The format of the Capital Strategy reflects the latest Prudential and Treasury Management Codes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This sets out a requirement for local authorities to produce a Capital Strategy to form part of its integrated revenue, capital and balance sheet planning.
5. 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
6. The Capital Strategy has been prepared as part of the budget setting process and is to be submitted to the Mayor as part of the budget submission, approved by the LFC. The Capital Strategy will be published in draft as part of the budget submission to the Mayor in November, and as a final Capital Strategy following approval by the LFC in March.

Benefits

7. 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.

Appendix 5 – Capital Strategy

8. The key benefits of the Capital Strategy are to deliver a capital programme that:

75 of 116

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

Approach

9. The Transformation Delivery Plan sets out the LFC's vision that "We will be a dynamic, forwardlooking organisation of fully engaged people at the centre of the communities we serve, adapting to the changing needs of London".
10. The Strategy has been derived largely from the Asset Management Plan, the ICT Strategy, the Fleet Replacement Plan, the Sustainability Carbon Reduction Strategy (LFC 0256), and the Treasury Management Strategy.
11. It has been developed to reflect the LFC's priorities and will be reviewed for future years to deliver against the CRMP and TOM to be in place from 2022/23. It will also support addressing the recommendations from the Grenfell Tower Inquiry and the HM Inspectorate of Constabulary and Fire & Rescue Services.
12. 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.
13. The ICT Strategy seeks to ensure that the technology is used to bring efficiencies to service delivery by streamlining processes and integrating data sources to be able to provide reliable and timely information and insight. The aim is to ensure that the Brigade has those ICT solutions which are modern and maximise use of cloud-based solutions. As this happens capital investment may reduce with extra burdens being placed on revenue budgets.
14. The Fleet Replacement Plan will meet the Brigade's fleet requirements over the coming years and address the fleet commitments made under the Mayor's London Environment Strategy (LES). This requires LFC to achieve the following targets:
 - a. all cars in support fleets to be zero emission capable by 2025
 - b. all new cars and vans (less than 3.5 tonnes), including response vehicles, being zero emission capable from 2025

Date

Appendix 5 – Capital Strategy

- c. all heavy vehicles (greater than 3.5 tonnes) to be fossil fuel- free from 2030; and
 - d. zero emission fleet by 2050 requires significant funding.
15. 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.
16. The Treasury Management Strategy sets out the treasury management arrangements in place to manage the LFC's borrowing and cash balances and deliver best practice. It covers the management of LFC's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. This is delivered as part of the GLA Group Investment Syndicate (GIS).

Influences

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

Mayoral Policies

Date

Appendix 5 – Capital Strategy

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

Ensuring London is:

- a) A city that meets the challenges of economic and population growth in ways that ensure a sustainable, good and improving quality of life and sufficient high-quality homes and neighbourhoods for all Londoners and help tackle the huge issue of deprivation and inequality among Londoners, including inequality in health outcomes. The Capital Strategy will support this policy as follows.
- To ensure that our fire stations are well placed to meet the needs of Londoners, attending incidents effectively and to the attendance standards set.
 - Looking to open up fire stations so that they become community assets/hubs. Ensure that the design of new fire stations will enable them to be community hubs.
 - Identifying potential opportunities that the estates can offer to provide accommodation to further our prevention priorities with local authorities e.g. the health agenda and crime prevention (cadet training)
 - To contribute to the Mayor's Homes for Londoner's agenda so that where LFC land can be released for development, the requirements for affordable housing are considered.
- b) A city that becomes a world leader in improving the environment locally and globally, taking the lead in tackling climate change, reducing pollution, developing a low carbon economy, consuming fewer resources and using them more effectively. The Capital Strategy will support this policy as follows:
- Upgrading our fleet to meet the Ultra-Low Emission Zone requirements and to assess and adopt new technologies as and when they become available.
 - Aligning our estates strategy with other emergency services and using every opportunity to share buildings through co-location and integrating estate services.
 - To improve the energy efficiency of our estates and to continue to take steps to reduce our carbon footprint through sustainable development.
 - To continue to unlock the potential latent value in our estate, through engaging private sector developer partnerships on appropriate sites.

20-Year Capital Ambition

19. The 20-year capital requirements are considered below, including investment and capital funding. This is based on the LFC's current capital programme plus the on-going future capital requirements and maintain operational effectiveness at current levels. A key review of the Capital Strategy and 20-year capital requirement will be undertaken once the CRMP and TOM are in place from 2022/23.

Appendix 5 – Capital Strategy

20. The LFC capital spending plans for the five years to 2025/26 are approved as part of the budget process and are funded with capital financing costs reflected in the revenue budget. The is set out in the table 1 below.

Table 1: Capital budgets and financing 2021/22 to 2025/26

Project	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Schemes						
Properties	11.7	20.0	19.5	12.1	34.6	97.9
Fleet Replacement Plan	14.1	3.8	0.4	2.9	4.1	25.3
ICT Projects	1.8	9.0	9.2	5.9	1.7	27.6
Communications Project	0.0	1.2	1.1	0.0	0.0	2.3
Ops Policy Equipment	8.2	0.0	0.0	0.0	0.0	8.2
Total Expenditure	35.8	34.0	30.2	20.9	40.4	161.3
<u>Capital Financing</u>						
Capital Receipts	11.8	0.0	25.0	0.0	0.0	36.8
Capital Grants	0.0	0.0	0.0	0.0	0.0	0.0
External Borrowing	24.0	34.0	5.2	20.9	40.4	124.5
Total Financing	35.8	34.0	30.2	20.9	40.4	161.3

Five-year Capital Programme and funding

21. The total capital investment requirements for the next 5 years will be £161.3m and current assumptions are that the investment will be partly funded by £36.8m of Capital Receipts (Clerkenwell & 8AE) and the remaining expected to be funded by £124.5m of external funding.

Date

Appendix 5 – Capital Strategy

22. The additional borrowing costs (MRP & Interest Charges) will be (£12.4m for 22/23) and decreasing in the following years to £12.1m in 23/24 and remaining at this level in 24/25. These revenue costs are being reviewed and the impact on the revenue budget monitored.
23. The current revenue budget to fund 21/22 capital programme is £8.45m and therefore over the 3-year Medium Term Financial Strategy period (2022-2025) there will be an increase of £3.65m in revenue budget provision to fund the capital financing costs of the proposed capital programme.
24. However, as set out in the Treasury Management report, LFC will at times use its own available cash balances to reduce the need to borrow externally and this is known as "internal borrowing". This in turns reduces the interest charges associated with external borrowing but does mean that these funds are then not available for investment to generate returns. The Treasury Management Strategy will ensure that an appropriate balance is achieved supported by the service provided by the GLA's investment team (GIS).
25. A further 15 years, from 2026/27 to 2040/2041, 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.
26. However, there are a number of strands of work which mean that the investment identified in the further 15 years is likely to be subject to change. In addition the current manufacturing and resourcing challenges in the construction industry are having an impact on the timetable and cost of projects . The effect on future projects is unknown as it is not possible to predict how severe the impact will be on the delivery of the projects within this. Between July 2020 and July 2021, the cost of materials rose by 20%, according to the Office for National Statistics (ONS). The majority of respondents to a survey by the Chartered Institute of Purchasing Supply (CIPS) said they were paying significantly more for raw materials, pushing the industry inflation purchasing managers' index (PMI) from an average of about 55 last year to more than 90 in May.
27. A condition stock survey on the LFC property assets is targeted to be complete by the end of March 2022 and this will further inform the major capital works required to fire stations and other buildings.
28. As highlighted above, the Mayor has given a clear objective for his functional bodies to be carbon net zero by 2030. The LFC already had a decarbonisation plan and is on course to deliver this plan by 2025. However, further work will be carried out to identify and quantify the further actions which will need to be undertaken to meet the 2030 target.
29. The CRMP and ToM will also identify how the LFC will deliver its services in the future and this, again, may impact on the Capital Strategy. However, there is a current assumption within the Capital Strategy that there will be no reduction in fire stations or appliances.
30. What will be of utmost important going forward, is the capital programme is refined and profiled to ensure that VFM is achieved in undertaking capital investment by ensuring that all ambitions are factored into the timing and types of works which are undertaken.
31. For example, if a boiler requires replacing at a station, then the LFC will endeavour to now replace this with a non-gas boiler. However, it should be noted that this will considerably

Date

Appendix 5 – Capital Strategy

increase the costs of heating replacements and the funding of these incremental costs will need to be considered as explained on paragraph 24.

32. The further element has some funding identified, however there is a funding gap to be addressed. The element of the capital spending plans is set out in the table 2 below.

Table 2: Capital Ambition 2026/27 to 2040/41 and Funding Gap

Project	Years 2026/2031	Years 2031/2036	Years 2036/2041
	£m	£m	£m
Capital Schemes			
Properties	82.0	93.8	107.9
Fleet Replacement Plan	36.0	46.3	5.2
ICT Projects	20.6	38.4	28.3
Communications Project	0.0	0.0	0.0
Operational Policy Equipment	17.3	0.0	4.7
Total Capital Expenditure	155.9	178.5	146.1
<u>Capital Financing</u>			
Capital Receipts	0.0	0.0	0.0
Capital Grants	0.0	0.0	0.0
3rd Party Contribution	0.0	0.0	0.0
External Borrowing	155.9	178.5	146.1
Total Funded Financing	155.9	178.5	146.1
Unfunded Capital Expenditure	0.0	0.0	0.0

33. 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.
34. As highlighted above, the programme does not currently 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

Appendix 5 – Capital Strategy

as it is not possible to predict the impact the level of additional infrastructure required at this time.

35. 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.
36. 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 revenuebased expenditure, which presents challenges to LFC, due to the increasing pressure on revenue funding and budgets.
37. 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

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

Appendix 5 – Capital Strategy

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.

- d. 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.

39. The LFC's level of borrowing is forecast to increase as the availability of capital receipts come to an end, and capital expenditure increases with the capital investment programme. It is expected that the Capital Strategy will be entirely reliant on borrowing over the medium term, depending on the timing of the remaining capital receipts, with the additional capital financing costs adding to the pressure on the revenue budget as highlighted above.
40. The 5-year capital programme as proposed is currently considered to be affordable but will need to be kept under review. There is a revenue budget gap of around £8m in 2023/25 in the draft revenue budget submission but efficiency plans are being developed to address this gap.
41. 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 2025/26 budget and increased by RPI estimated at 3% per annum.
42. Maturing loans and the associated MRP charges reductions have been taken into account, to show the budget requirement and resulting budget pressure each year in the calculation of the required level of debt charges.

Appendix 5 – Capital Strategy

Table 3: Capital Expenditure Financed from borrowing and Forecast Revenue costs for Interest and MRP Charges 2026/27 to 2040/41

Future Years	Capital Expenditure £m	Financed from external borrowing £m	Debt Charges* £m	Budget £m	Budget Pressure £m
2026/27	24.1	24.1	17.0	12.0	5.0
2027/28	20.3	20.3	17.9	12.4	5.5
2028/29	29.4	29.4	17.5	12.8	4.7
2029/30	40.2	40.2	20.4	13.1	7.3
2030/31	41.9	41.9	23.5	13.5	10.0
2031/32	33.9	33.9	28.7	14.0	14.7
2032/33	37.2	37.2	29.8	14.4	15.4
2033/34	39.8	39.8	33.2	14.8	18.4
2034/35	36.1	36.1	32.4	15.2	17.2
2035/36	31.5	31.5	33.6	15.7	17.9
2036/37	24.4	24.4	31.9	16.2	15.7
2037/38	27.9	27.9	32.1	16.7	15.4
2038/39	39.1	39.1	32.2	17.2	15.0
2039/40	27.4	27.4	34.5	17.7	16.8
2040/41	27.3	27.3	39.4	17.5	21.9

(Minimum Revenue Provision and interest has been calculated at 2.5% and MRP has been estimated on a 15-year asset life for the purposes of the above calculations in line with the MRP policy)

43. Based on current estimates, the level of debt charges is expected to steadily increase over the period, resulting in a substantial increase in debt charges by 2040/41 to nearly £40m, resulting in a budget pressure in excess of £21m.
44. The projected budget pressure, of over £40m, is based on current capital spend projection which is based on inflation at 2.5% per annum and the current forecast for the capital receipts. This figure will change with the following risk items:

Appendix 5 – Capital Strategy

- The level and timing of capital receipts
- The effects of Brexit and impact on the cost of purchases/delivery of projects
- The effects of the Coronavirus pandemic and the impact on the delivery of projects
- The potential of future interest rate rises
- The availability of resources to deliver the capital programme

45. The table indicates a revenue pressure from additional borrowing costs of over £40m 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.

The affordability of the further 15 years capital programme will need to be considered going forward. This will be particularly important when considering investment needed to meet the Mayor's 2030 net zero target.

Options to bridge funding gap

46. 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 CRMP. 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

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

Table 4: External Debt

As at 31 March	2022	2023	2024	2025	2026	2031	2036	2041
	£m	£m	£m	£m	£m	£m	£m	£m
PWLB Loans	55.7	48.7	46.7	43.2	38.2	23.5	23.5	14.5

48. Interest charges will be based on forecast PWLB interest rates but, as with any forecasts there is always uncertainty around the actual future interest rates. At the time of preparing this strategy, the outlook is now for interest rates to rise but how quickly and what percentage remains to be seen.

Appendix 5 – Capital Strategy

49. Table 5 below sets out the prudential limits for 2021/22 to 2025/26.

Table 5: Prudential Limits

Approved Borrowing Levels £m	2021/22	2022/23	2023/24	2024/25	2025/26
Operational Boundary	240.0	240.0	240.0	240.0	240.0
Authorised Boundary	245.0	245.0	245.0	245.0	245.0

The Prudential Code requires all local, fire and rescue authorities to look at capital expenditure and investment plans in light of the overall organisational strategy and resources and make sure that decisions are being made with sufficient regard to the long run financial implications and potential risks to the authority. The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported. LFC has continued to borrow within the threshold set on the table above.

Other Long-term Liabilities

50. 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 at 31 March	2022	2023	2024	2025	2026	2031	2036	2041
	£m	£m	£m	£m	£m	£m	£m	£m
PFI	42.9	41.5	39.9	38.8	36.7	28.4	16.6	0.0
Finance Lease	18.4	18.4	18.4	18.3	18.4	11.8	0.0	0.0
Total	61.3	59.9	58.3	57.1	55.1	40.2	16.6	0.0

(The repayment of the existing other long-term liabilities is calculated through financial models – such as the PFI model which is audited each year)

51. 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.

Appendix 5 – Capital Strategy

52. The above table does not take into account the effects of implementing the new accounting standard IFRS16, where all leases/contracts that convey 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.
53. The new accounting standard has been delayed and the Capital Strategy will be updated once the impact of the new accounting requirements has been assessed.

Risk

54. The Capital Programme is subject to the following risks.
 - A lack of affordable sites for new developments.
 - Increased cost in delivering the capital programme due to inflation pressures/Brexit/limited number of suppliers that can provide specialist equipment/vehicles.
 - The potential requirement to fund the replacement of National New Dimensions Assets which currently has not been factored in the capital requirements.
 - Additional building costs required to support the deliver Zero Emission Pumping Appliances (ZEPA)
 - Difficulty in obtaining planning consent for new developments and refurbishments.
 - Third party collaboration and contractor capacity to deliver, as all capital projects will require varying collaboration with external parties over the project life.
 - The risk that the planned capital disposals will not realise the projected capital receipts income or may not come to fruition thus resulting in additional borrowing costs.
 - Additional revenue budget pressures resulting from increased revenue impact of borrowing.
 - Interest rate increases for borrowing.
 - Changes in government funding, policy and legislation.
 - Availability and speed of developments in technology.
 - Recruitment and retention of key skilled staff and significant staff resource to deliver the capital schemes.
55. The risks are being managed by as follows.
 - Maximising, where possible, the redevelopment of existing sites through developers to reduce capital borrowing and to realise any potential capital receipts released through latent estate value.
 - Investing in invest to save projects where the outcome of these projects will result in revenue savings to LFC.
 - Ensuring the capital governance framework, including regular monitoring and review of the capital programme, is in place.
 - Ensuring that all planning applications consider all relevant local/Mayoral planning and listed building requirements. Pre-discuss all planning applications prior to submission

Appendix 5 – Capital Strategy

with the local planning officers to mitigate against planning refusals and completing public consultation in good time for those development projects that affect the public.

- Re-allocating key resources to development projects as required to meet the capital programme.
- Promoting collaboration with other emergency services and the GLA Group.
- Limit the risk of contract failure by effectively managing contracts and learning from past lessons in project delivery.
- The ability to flex the capital programme and re-phase capital expenditure so as not to result in additional external borrowing and the resulting increase in debt charges.

Appraisal - Governance and Monitoring

56. An important part of the governance arrangements is the frequent monitoring of the agreed capital programme. The capital programme is reviewed regularly with budget holders and reported on a quarterly basis to senior management through regular monitoring reports.
57. The capital monitoring is reported alongside revenue monitoring in the quarterly financial position report, which is reported to the Directorate Board and Commissioner's Board. Quarterly monitoring reports are also presented to the Fire and Resilience Board and are published. The published reports are used to support scrutiny by the London Assembly's Fire, Resilience and Emergency Planning (FREP) and Budget and Performance Committees (BPC).
58. 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.
59. 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.
60. The Capital Programme is approved by the London Fire Commissioner before submission to the Mayor as part of the annual budget submission.
61. When proposing capital projects for inclusion into the programme, the responsible department will undertake an assessment/evaluation as to how the project:
 - ensures LFC's capital assets are used to support the delivery of services according to the priorities within the London Safety Plan and Corporate Vision
 - links to LFC's Asset Management Plan and other LFC Strategies/Plans
 - is affordable, financially prudent and sustainable
 - ensures the most cost-effective use is made of the existing assets and new capital expenditure; and

Date

Appendix 5 – Capital Strategy

- supports the Mayor of London in meeting the approved objectives and strategic plans.
62. 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

63. The LFC Chief Finance Officer has a statutory duty 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.

LFC Reserves Strategy

SECTION 1: Introduction and Background

1. Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies.
2. Best practice on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - 'Local Authority Reserves and Balances'. This was issued in July 2014, but since then many references have been made to the scale of public sector reserves by various parties, as well as specific work by the Home Office and the National Fire Chiefs Council.
3. In May 2018 the Government published the New Fire and Rescue Services Framework which introduced a requirement for Combined Fire and Rescue Authorities to publish a Reserve Strategy on their website and outlined the detail which should be included. The Reserves Strategy can form part of the Medium Term Financial Strategy or be a stand-alone document.

Strategic Context

4. There are a number of reasons why a local government authority might hold reserves, these include to:
 - (a) Mitigate potential future risks such as increased demand and costs;
 - (b) Help absorb the costs of future liabilities;
 - (c) Temporarily plug a funding gap should resources be reduced suddenly;
 - (d) Enable an authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax;
 - (e) Spread the cost of large scale projects which span a number of years.
5. Reserves only provide one off funding so an authority should avoid using reserves to meet regular and ongoing financial commitments, other than as part of a sustainable medium-term budget plan.

Long-Term Sustainability

6. Reserves are an essential tool to ensure long term budget stability particularly at a time when the LFC is facing significant risk over funding and savings requirements in future years. In recent years LFC has built up reserves to help meet short term budget gaps, in particular the Budget Flexibility Reserve.
7. Reserve balances have been identified as a key indicator of financial health and the LFC continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget requirements and provide an adequate contingency for budget risks.
8. There are two different types of reserve, and these are:

Appendix 6 – Reserves Strategy

- *Earmarked Reserves* – these reserves are held to fund a specific purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all

90 of 116

of the agreed funds are required then decisions would be sought on how any remaining balance is to be utilised.

- *General Reserve* – use of this Reserve is non-specific and is held to fund any unforeseen spending that had not been included in the base budget, on an exceptional basis.
9. It should be noted that if a risk materialises that requires significant draw from reserves, the LFC would need to seek to prudently rebuild reserves back to an adequate level in future years. It is also important to bear in mind that reserves are not the only way in which the financial risks are managed.
 10. Insurance cover is in place for a wide range of eventualities. In terms of this cover there is an insurance excess, with the major ones being for the LFC meeting up to the first £850k on claims for combined liability and £250k on motor fleet, with an aggregate (maximum liability) of £5.0m and £10.0m in one year respectively. These levels are reviewed when insurance policies are retendered, and potentially renewal, in discussion with key stakeholders.
 11. In addition to insurance provisions are also raised in the Statement of Accounts each year for potential costs where there is knowledge of a claim. These provisions are held to provide funding for a significant liability or loss that is known with some certainty will occur in the future, but the timing and amount is less certain.
 12. The LFC, via the GLA, also has potential access to the Bellwin scheme in particular circumstances for emergency financial assistance. The scheme may be activated in any case where an emergency or disaster involving destruction of or danger to life or property occurs and, as a result, one or more local authorities incur expenditure on, or in connection with, the taking of immediate action to safeguard life or property, or to prevent suffering or severe inconvenience, in their area or among its inhabitants.
 13. The Bellwin scheme requires an expenditure threshold to be exceeded in order to trigger claims, and the threshold is set each year. For the latest Bellwin claim (Grenfell Tower) this was set at £0.75m for fire within the GLA Group. In addition, only a proportion of costs can be recovered, in particular these have to be marginal (additional) costs, and only costs in excess of the threshold will be reimbursed.
 14. There may also be circumstances that arise where central government provides additional funding, such as during the current Covid-19 pandemic. The LFC received Covid funding totalling £1.8m from the GLA and £5.5m from the Home Office, £2.0m of which is currently held in a specific reserve.

SECTION 2: Risk Assessment to Determine the Adequacy of the General Reserve

15. An authority should seek to maintain a General Reserve that is adequate but not excessive to manage its financial risks. As a single-purpose authority, the LFC has no opportunity to use

Date

Appendix 6 – Reserves Strategy

cross-service subsidies to meet unanticipated expenditure and so, proportionally, its General Reserve may be slightly higher than for a multi-purpose authority.

16. The LFC has a robust approach to managing risk, which was reviewed and a revised approach introduced in 2021 to ensure effective arrangements are in place.
17. Under its Reserve Policy the LFC has set its level for the General Reserve at 3.5% of net revenue budget.
18. A LFC undertakes a risk assessment of the adequacy of the LFC's General Reserve to consider the extent to which the LFC is exposed to uninsured and unbudgeted losses. The risk assessment for the coming financial year, 2022/23, has been prepared as part of the budget setting process.

SECTION 3: Annual Review of Earmarked Reserves

19. The LFC has a number of earmarked reserves which have been established for specific purposes where there have been timing differences at budget setting or year end, or emerging risks or cost pressures. The relevance of, and balance in, each of these is reviewed annually and the LFC is informed of the latest plans for the balances held in such reserves over the medium term via the Reserves Strategy.
20. When the LFC approves the Reserves Strategy for publication it will be made available on its website, including the draft Reserves Strategy prepared as part of the Budget Submission to the Mayor and which is subject to consultation with the London Assembly's Fire, Resilience and Emergency Planning (FREP) Committee before approval in the final budget in March.
21. An estimate has been made of the financial impact if the current corporate strategic risks which are deemed to be red were to crystallise and these are set out in the table below.

Strategic Risks	Type of demand	Potential Amount £m
Budget cut	Drawing to save initiative	5.0
Failure to deliver TDP	Drawing to deliver action	1.0
Built environment challenges	Drawing to purchase emergency provision	2.0
Incident command failure	Drawing to purchase emergency provision	2.0
Trainees at risk	Drawing to implement new support mechanism	2.0
Lack of training assurance	Drawing to purchase new system/evaluation methodology	2.0
Culture	Drawing to save initiative	1.0
Workforce planning	Drawing for an emergency recruitment round	2.0

Date

Appendix 6 – Reserves Strategy

Total		17.0
--------------	--	-------------

22. The focus of this review of the adequacy of reserves is on the short term only as reserves can only be used once and are not a permanent source of funding. The table shows that the total short term exposure, if all risks were to materialise in a single year, is £17m. However, this needs to be considered against the probability of more than one significant risk materialising in any one year.
23. The CIPFA guidance emphasises that a well managed authority will ensure that reserves are not only adequate but also necessary. It would not be appropriate to set funds aside to cover risks that are deemed extremely unlikely to occur. CIPFA also advises that a balance needs to be found between maintaining adequate levels of reserves and investing in risk reduction measures. For example, it may be possible to reduce the level of balances held where appropriate action to mitigate or remove risks has been successfully taken.
24. So while the total risk exposure is above the LFC's currently assessed minimum level of reserves, this needs to be considered against the probability of all these risk events occurring.

Conclusion

25. There are a range of factors that need to be taken into account in determining an appropriate level of reserves and as the CIPFA guidance states a considerable degree of professional judgement is required.
26. For LFC the combination of a maximum insurance liability, the current availability in provisions to cover known or expected events, the availability of earmarked reserves, and a generally prudent approach to cost estimation and budgeting indicates that a general reserve level of 3.5% (£16.0m) can currently be deemed to be adequate given the corporate governance and control arrangements in place across the organisation.

Appendix 6 – Reserves Strategy

Annex A Projected Reserve Balances over Medium Term Financial Plan Period (2022/23 to 2024/25)

	Anticipated Balance at 01/04/22*	Use of Reserves in 2022/23	Use of Reserves in 2023/24	Use of Reserves in 2024/25	Anticipated Balance at 31/03/25
	£m	£m	£m	£m	£m
Additional Resilience Requirements	0.5	0.0	0.0	0.0	0.5
Capital Expenditure Reserve	11.7	0.0	0.0	0.0	11.7
Central Programme Office	0.0	0.0	0.0	0.0	0.0
Grenfell Infrastructure Reserve	1.2	0.0	0.0	0.0	1.2
Compensation	0.1	0.0	0.0	0.0	0.1
Pensions Earmarked Reserve	0.4	0.0	0.0	0.0	0.4
Covid	2.0	0.0	0.0	0.0	2.0
Emergency Medical Response	0.3	0.0	0.0	0.0	0.3
Emergency Services Mobile Communication Programme	0.4	-0.4	0.0	0.0	0.0
Fire Safety and Youth Engagement	4.7	-0.1	0.0	0.0	4.6
Transformation Delivery Plan	2.1	-1.2	0.0	0.0	0.9
In Year Savings Reserve	3.6	-1.6	2.7	-4.7	0.0
Hydrants	0.3	-0.1	0.0	0.0	0.2
ICT Development Reserve	1.7	-1.5	0.0	0.0	0.2
LFC Control Centre	0.7	0.0	0.0	0.0	0.7
LFC Museum Project	0.2	0.0	0.0	0.0	0.2
London Resilience	0.8	0.0	0.0	0.0	0.8
Community Risk Management Plan	2.3	0.0	0.0	0.0	2.3
Organisational Reviews	0.2	0.0	0.0	0.0	0.2
Recruitment/ Outreach	0.3	0.0	0.0	0.0	0.3
Sustainability	0.2	0.0	0.0	0.0	0.2
Vehicle & Equipment Reserve	2.4	-1.3	0.0	0.0	0.9
Budget Flexibility	27.9	0.0	-8.8	0.0	19.1
General	16.6	0.1	0.0	0.3	17.0
Total	80.6	-6.1	-6.1	-4.4	64.0

*Anticipated balances as per Q2 report.

General Reserve

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

Date

Appendix 6 – Reserves Strategy

Budget Flexibility Reserve

28. The Budget Flexibility Reserve was originally set up as part of the Budget 2017/18, to provide balances to support budget uncertainty in future years. The reserve has been used to manage uncertainty in previous budgets, although actual drawing from the reserve has been limited as additional funding has been secured. The reserve provides balances to support uncertainty in the current funding, as set out in the Mayor's Budget Guidance 2022/23, as well as supporting the LFC as it continues its transformation, including the development of the Community Risk Management Plan and Target Operating Model from 2022/23.

Earmarked Reserves

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

30. The Capital Expenditure Reserve was created based on the funding received from the GLA in relation to the reduced capital receipt from the sale of the LFC site in Southwark, which is to be paid back to the GLA on the disposal of the LFC site at Albert Embankment.

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

32. The Fire Safety and Youth Engagement reserve was established in 2016/17 (FEP 2661) and has been funded from the net contribution to overheads from the LFC's trading company, LFC Enterprises, which is no longer actively trading. This was later supplemented from contributions received to fund youth engagement activities. The reserve is to be used to support future youth engagement activities.

33. The LFC Museum Project reserve was created as part of the Financial Position as at the end of September 2018 report (LFC-0084). This reserve will fund a Museum project manager for a period of three years to support that work.

34. Under the current London Safety Plan (LSP) a number of trials and pilots were to be carried out in future financial years. LFC currently holds an earmarked reserve to aid in the implementation of any new operational delivery models over the life of the plan. The

Appendix 6 – Reserves Strategy

remaining balance on this reserve will be reviewed as part of the approval of the Community Risk Management Plan from 2022/23.

35. The additional resilience requirements reserve was approved in July 2017 (FEP2763). The reserve was set up to temporarily fund the initial revenue costs identified following the Grenfell Tower fire and the terrorist incidents at Westminster, London Bridge and Finsbury Park. Potential use of the remaining balance on this reserve is to be reviewed once projects to use the additional funding of £1.3m provided as part of implementing the Grenfell Tower Inquiry recommendations are complete.
36. The emergency medical response reserve was established in the Financial Position as at the end of September 2017 report (FEP2792). This reserve is to fund an inoculation programme for staff if co-responding is rolled out across the LFC.
37. The ICT development reserve holds funds to accommodate changes to HR, Finance and Fire Safety systems, which are subject to fluctuations in cost and demand. It is currently expected that this reserve will be fully used over the next four financial years.
38. The London Resilience reserve was established to manage the costs of the implementation of new London Resilience workstreams. This function continues to develop, including in relation to responsibilities and funding. The continuing requirement for this reserve is to be reviewed as part of the 2021/22 outturn.
39. The Organisational Reviews reserve was created as part of the 2018/19 outturn report and includes for ongoing work on the review of the property services function and the building safety programme.
40. The recruitment/outreach reserve was created in the January 2017 Budget Update report (FEP2685) to fund the proposed establishment of the firefighter recruitment and outreach team. Further use of this reserve is to be considered as plans develop to restart operational recruitment.
41. The sustainability reserve was set up to deliver the LFC's programme of investment in enhanced energy efficiency and renewable technologies.
42. The vehicle and equipment reserve includes funding for the ultra low emission fleet programme, and Ultra Low Emission Zone compliance. It is expected that this reserve will be fully used by the end of 2022/23.
43. The compensation reserve was set up to manage financial risk on these costs in the annual revenue budget. This reserve is used to fund compensation claims in excess of budgeted amounts. Its level has been kept under review for adequacy, alongside reviewing the annual compensation budget.
44. The hydrants reserve (FEP1698) was set up during the 2011/12 budget process. This is to deal with payments for water companies managing the backlog of repairs that has built up over a number of years. It is difficult to predict the water companies' ability to manage repairs, and progress can be hampered by other events affecting water companies such as bad

Date

Appendix 6 – Reserves Strategy

weather, which diverts resources. As the backlog of repairs is dealt with, this reserve should be wound down. Any residual amounts may help support further efficiency improvements within the hydrants team.

Appendix 6 [—] Reserves Strategy

45. The Covid reserve was set up from the balance on Home Office grant to meet the costs of the Covid-19 pandemic response. This reserve will help address any further additional costs in managing the ongoing pandemic.



Equality Impact Assessment (EIA) Form

The **purpose** of an EIA is to give **as much information as possible** about potential equality impacts, to demonstrate we meet our **legal duties** under the Equality Act 2010.

Please read the EIA Guidance [on Hotwire](#) before completing this form.

Once you open the template please save it on your OneDrive or SharePoint site. Do not open the template, fill it in and then click Save as this will override the template on Hotwire.

1. What is the name of the policy, project, decision or activity?

London Fire Brigade Budget Submission 2021/22

Overall Equality Impact of this policy, project, decision or activity (see instructions at end of EIA to complete):

High	Medium	Low	x
-------------	---------------	------------	----------

2. Contact details	
Name of EIA author	Adrian Bloomfield
Department and Team	Assistant Director, Finance
Date of EIA	October 2021



3. Aim and Purpose	
What is the aim and purpose of the policy, project, decision or activity?	The budget proposal 2021/22 aims to support the delivery of the London Fire Commissioner's priorities to serve and protect London through providing the appropriate financial and human resources.
Who is affected by this work (all staff, specific department, wider communities?)	<i>All staff across the Brigade are impacted by the budget proposal as are the communities we serve.</i>

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?	Individual discussions with staff members who are affected by post-deletions have been had.

Appendix 7 – Equality Analysis

5. Assessing Equality Impacts

Use this section to record the impact this policy, project, decision or activity might have on people who have characteristics which are protected by the Equality Act.

120. 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.
121. 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.
122. 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.
123. 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.
124. 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.

125. 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.

126. 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.

127. In July 2021 all Heads of Service received Budget Guidance from the Finance Department, outlining the requirements for budget setting. This document included specific guidance on when and how to undertake an Equality Impact Assessment on proposals. The guidance noted in particular:

"LFB has a legal duty under the Equality Act 2010 to show 'due regard' to the [Public Sector Equality Duty](#) every time we take a decision, begin a project or policy, or begin a proposal which will affect our workforce, service users or wider communities. You must show this regard **before** and **at the time** a decision, including a growth or saving proposal, is under consideration. To 'have due regard' means

that in making decisions and in our other day-to-day activities LFB must consciously consider the need to do the things set out in the general equality duty: eliminate discrimination, advance equality of opportunity and foster good relations.

"There are some principles for decision makers which we recommend you consider when preparing your budget submissions. You should:

1. consider this budget guidance you being made aware of your duty to have due regard
2. you must show due regard before and at the time a decision is taken and when it is under consideration;
3. you cannot satisfy the duty by justifying a decision after it has been taken;
4. this is not a box ticking exercise, you have to exercise the duty with rigour and with an open mind in such a way that it influences the final decision;
5. the duty is non-delegable. This means it remains the responsibility of LFB, even if we contract out some of our work to third parties. It's our responsibility to make sure LFB maintains proper supervision over that third party to ensure it carries out its 'due regard' duty;
6. the duty is a continuing one – it doesn't go away at the point you make a decision;
7. Equality Impact Assessments (EIAs) are our best way of demonstrating due regard and if there is a legal dispute, the EIA should demonstrate that we actually considered relevant questions that relate to that decision;
8. the duty is upon the decision maker personally - what matters is what you take into account and what you know; and,
9. LFB has to assess the risks and extent of any adverse impact of any decisions and the ways those risks may be eliminated before decisions are made. That does not, however, mean we can't move forward when there are adverse impacts."

128. The guidance made clear that an EIA should be undertaken if a 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.

129. 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.

130. 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:

- Proposal to transform People Services (including the creation of new posts)
- The restructure of Regulatory Fire Safety – Primary Authority Business Group (PABG)] to deliver improved levels of effectiveness and efficiency to just FRS staff;
- Fire safety service improvement - to implement the recommendations from the Fire Safety policy team's review in 2021. This will involve the amalgamation of three teams into two and a review of work streams undertaken by the teams; - Budget savings FSR Outreach; and, -
 - Fire Safety Budget Savings - 2021/22.

131. 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.

Staffing Equality Impacts: Post Deletions

132. The budget proposes a number of posts be deleted causing savings in the next financial year. Of this list the majority are for posts held by operational members of staff, who have been redeployed elsewhere, or, are being made by deleting a vacant post, or a post where a person was leaving (natural wastage). To date, there were three posts which are proposed to be deleted causing either a redundancy situation or a person to return to a more junior substantive post. Our current planning assumes that only one person will be made redundant and the others will be found alternative suitable employment. 133. The posts are:

- Post to be deleted in Fire Safety (TMG C) – the post-holder will be made redundant by agreement
- Post to be deleted in Health and Safety (FRS B) – the post-holder 'at risk' will be found another suitable role
- Post to be deleted in Fire Safety (FRS F) – the post-holder will revert back to their substantive post.

134. The equality breakdown of the postholders of the three deleted posts impacting people is:

Age		Gender		Ethnicity		Disability	
Over 55	Under 55	Female	Male	BAME	Non-BAME	Yes	No
0	3	1	2	0	3	0	3

135. Consultation with the Industrial Relations Team and Employee Relations Team has identified key mitigations, as outlined above to reduce any potential adverse impact on employees. The FRS B post-holder will be given redeployee status, and the Brigade will actively seek to identify vacant posts that they can be directly redeployed, or assimilated, into. The TMG post-holder is satisfied with the situation.

136. The post-holder of the FRS F role which is being deleted and is returning to their substantive FRS E role demonstrates an unmitigated adverse impact on one person.

Protected Characteristic	Impact: positive, neutral or adverse	Reason for the impact
<i>Example: Age</i>	<i>Adverse</i>	<i>Moving this service online will adversely affect older people, who are least likely to have access to a computer or smart phone and may not be able to use the new service.</i>
Age (younger, older or particular age group)	NEUTRAL	<i>The age of the people affected is under 55 and does not cause a specific adverse impact</i>
Disability (physical, sensory, mental health, learning disability, long term illness, hidden)	POSITIVE	<i>Increasing the Learning Support Team on a permanent basis (x1 FRS C and x1 FRS E) will have a positive impact on the experience of staff who are neurodiverse and have a disability.</i>
Gender reassignment	NEUTRAL	<i>The budget submission has a neutral impact on this protected characteristic.</i>

<p>(someone proposing to/undergoing/ undergone a transition from one gender to another)</p>		
<p>Marriage / Civil Partnership (married as well as same-sex couples)</p>	<p>NEUTRAL</p>	<p><i>The budget submission has a neutral impact on this protected characteristic.</i></p>
<p>Pregnancy and Maternity</p>	<p>NEUTRAL</p>	<p><i>Staff on maternity leave should be included in all opportunities for new roles so they are not disadvantaged. This should be an action that falls to the line manager of staff who are on maternity leave.</i></p>
<p>Race (including nationality, colour, national and/or ethnic origins)</p>	<p>POSITIVE</p>	<p><i>The introduction of new posts across the Transformation and People Services directorates at more senior levels provides an opportunity to increase the diversity of staff at those senior levels. For example, within the Transformation proposals there are: two TMG B's and one TMG A (part-time) posts in the growth section. At the time of writing (October 2021), there were no Black, Asian or Ethnic Minority staff at that grade within the organisation.</i></p> <p><i>The recruitment of an FRS E within People Services who has specific responsibility for coaching and mentoring will have a positive impact on the experience of staff from underrepresented backgrounds.</i></p>

		<p><i>Two additional posts included in Fire Safety for growth are X1 FRS F and X1 FRS E to lead and manage the building design and consultation hub. These two posts will be working to improve the standards of fire safety compliance with the built environment, including the social sector which has an indirect positive impact on communities who are disproportionately from lower socio-economic groups (as data shows Black, Asian and Ethnic Minority communities are more likely to live in the most deprived neighbourhoods across England https://www.ethnicity-facts-figures.service.gov.uk/uk-population-byethnicity/demographics/people-living-in-deprived-neighbourhoods/latest#overall-most-deprived-10of-neighbourhoods-by-ethnicity)</i></p>
<p>Religion or Belief (people of any religion, or no religion, or people who follow a particular belief (not political))</p>	NEUTRAL	<p><i>The budget submission has a neutral impact on this protected characteristic.</i></p>
<p>Sex (men and women)</p>	NEGATIVE	<p><i>One woman is adversely impacted by the decision to delete an FRS F post, she had been undertaking on a temporary basis for some time, resulting in her returning to her substantive post.</i></p>
<p>Sexual Orientation (straight, bi, gay and lesbian people)</p>	NEUTRAL	<p>No information recorded against this specific protected characteristic.</p>

6. Impacts outside the Equality Act 2010

What other groups might be affected by this policy, project, decision or activity?

Consider the impact on: carers, parents, non-binary people, people with learning difficulties, neurodiverse people, people with dyslexia, autism, care leavers, ex-offenders, people living in areas of disadvantage, homeless people, people on low income / in poverty.

Childcare Budget - £20,000 saving (leaving a £30,000 underspend in the budget). This is clearly an under-utilised budget and the impact on parents is deemed to be minimal (not adverse). In order to ensure adverse impacts are limited, it is proposed that the organisation advertises this fund better to staff in future. It could be that once people return to the office, this budget is used better – so making a savings against this line could have adverse impacts further down the line to parents and carers, who are primarily women.

7. Legal duties under the Public Sector Equality Duty (s149 Equality Act 2010)

How does this work help LFB to:

	Eliminate discrimination	Advance equality of opportunity between different groups?	Foster good relations between different groups?
Growth bid for £50,000 for inclusion programmes if accepted will allow us to demonstrate compliance with the Public Sector Equality Duty	X	X	X
Growth bid for £100,000 for leadership development programmes will be include provisions targeted at staff from underrepresented groups. This will allow us to demonstrate compliance with the PSED.	X	X	X
Growth bid to allow staff to obtain a LGV licence. It is expected that this will benefit Black, Asian and Ethnic Minority Staff based on data from the DVLA suggesting that in		X	

general this group are less likely to have a driving licence compared to people who are white. SOURCE: here .			
Growth bid to increase the IT support to Fire Stations (3 X FRS D staff from X1 FRS D staff). This is likely to be beneficial to staff who rely on technology to support their learning, development and maintenance of skills.	X	X	
Growth bid to increase remote access facilities to all staff. If approved, this is likely to be beneficial to staff who are disabled, or those who are at higher risk from covid-19.	X	X	
Growth bid to increase the Wellbeing Team staff resource and efficiency of booking fitness testing. This is anticipated to increase overall levels of fitness, including for staff who require 18 month fitness testing. This is primarily expected to increase the health outcomes for men in the organisation. SOURCE: here .		X	
Growth bid to increase spend on external coaches and training for internal coaches. Part of this resource will be used to support newly promoted staff, high-potential staff to go for promotion and underrepresented staff in general to go for promotion. It is expected that this will benefit women, Black, Asian and Ethnic Minority staff primarily, plus LGBT or disabled staff.		X	

8. Mitigating and justifying impacts

Where an **adverse** impact has been identified, what steps are being taken to **mitigate** it? If you're unable to mitigate it, is it **justified**?

Characteristic with potential adverse impact (e.g. age, disability)	Action being taken to mitigate or justify	Lead person responsible for action
---	---	------------------------------------

Childcare budget	Advertise the childcare scheme in future years	Assistant Director People Services
Staff on maternity leave	Advertise the vacancies available coming up to all staff who are on maternity leave so they do not suffer disadvantage	Line Manager of staff
Race	<i>To undertake a positive action campaign (either internally or externally) for the appointment of these posts. This could include: using an external partner who specialises in recruiting diverse candidates to senior roles, or running awareness sessions internally for staff to explain the new roles before they are advertised.</i>	Outreach Manager

Now complete the RAG rating at the top of page 1:

High: as a result of this EIA there is evidence of significant adverse impact. This activity should be stopped until further work is done to mitigate the impact.

Medium: as a result of this EIA there is potential adverse impact against one or more groups. The risk of impact may be removed or reduced by implementing the actions identified in box 8 above.

Low: as a result of this EIA there are no adverse impacts predicted. No further actions are recommended at this stage.

Appendix 8 Sustainability Analysis

Environment

The Mayors budget guidance for the GLA Group set out the requirement that budget proposals ensure sufficient resourcing and budget necessary for the continued efficient and effective delivery of the London Environment Strategy. As a minimum budget proposals were expected to demonstrate how they were contributing to key Mayoral ambitions, including: the 60% CO₂ reduction target; compliance with zero emission fleet targets; the 65% municipal waste recycling target and helping to achieve at least 50% green cover of London. Details of resourcing and budget allocated against these areas is set out below and in Tables 1-2.

Revenue budgets included for 2022/23 onwards will be subject to review as part of the budget setting process, including adjustments for inflation and managing budget pressures.

Further information on existing performance delivery including broader context on specific actions is detailed in the Sustainable Development Annual Report's as published on the London Fire Brigade website.

Reducing CO₂ emissions

The LFCs Carbon Reduction Strategy was approved in February 2020. It sets out plans to achieve the 2025 target of 60% CO₂ reduction and a 3 year programme of works from 2020/21 to 2022/23. Works include further installation of photovoltaics, LED lighting, and improvements to heating controls at fire stations. It also includes plans to take forward a Power Purchase Agreement (PPA) for additional renewable electricity generation. Budget items that relate directly to the strategy are identified in table 1 as Carbon Strategy.

The strategy also included actions to inform the approach to achieve the 2050 net zero carbon target, which has now been updated to 2030 by moving away from natural gas dependency. Namely a trial of an Air Source Heat Pump, and a feasibility study to achieve a zero carbon fire station. A review of works and funds required to achieve future targets is expected to be undertaken on completion of the current programme of works.

Budget items that support carbon reduction, and do not form part of the new works set out in the Carbon Reduction Strategy are identified in table 1 as carbon reduction. Major works on building refurbishment for energy efficiency included within this appendix are identified under 'new developments' in the capital programme. The figures provided in table 1 of this appendix exclude items under new developments that do not include any energy efficiency related improvements such as the refurbishment of the appliance bay at Biggin Hill.

Significant improvements have been delivered on carbon reduction to date including:

- CO₂ emissions have reduced by over 57.8% from 1990 levels as at April 2021.
- Over 900 kWp of solar photovoltaics (PV) have been installed at 69 sites (over half of the LFCs premises), of which some 16 or 205kWp was installed during the current mayoral term. A further three sites are out to tender for PV, with more in the design stage.
- The electricity supply contract that commenced in July 2020, provides 100% REGO backed renewable electricity and the potential to take forward a PPA through sleeving arrangements.

Appendix 8 – Sustainability Analysis

Air Quality

The existing fleet is now 12 per cent of all fleet are zero emission capable, this is a slight reduction from the previous year as fleet cars were rationalised to reduce the total number of fleet cars. The target for all fleet to be zero emission capable is 2030, and 2025 for light vehicles. They are supported by dedicated charging infrastructure of 120 charging posts at our stations which are all dual sockets and therefore 240 sockets are available. The LFC owns or leases five other sites, all of which have charge points installed. A further three fire stations have publicly accessible rapid charging under the Mayors scheme led by Transport for London. This will provide readily accessible infrastructure to one of the remaining fire stations that has insufficient electrical capacity to install a dedicated charging point.

The replacement programme of fleet vehicles that will bring them into line with ULEZ compliance continues. Of the 425 vehicles the LFC is responsible for 316 are currently ULEZ compliant, this includes all of our main front line pumping appliances. Vehicles based within the central ULEZ zone are already compliant.

The fireboat replacement project is on track to replace the existing boats, with engines specified to the International Maritime Organisation (IMO) tier 3, which requires specific NOx reducing technologies similar to that of Euro 6 engines for road vehicles.

Reducing Waste

Across the estate the average recycling rate dropped to 64.8% down from 67.8% primarily as a result of the closure of the dirty Materials Recycling Facility that our waste contractor operated to extract incorrectly sorted recyclable material from our waste stream. The facility was no longer financially viable as a result of the downturn in business waste from other customers (due to COVID-19 related closures and home working) and the reduced value of recycling commodity prices, with a further LFC set target of 80% in place. A programme of premises audits and a pilot to reduce general waste bin collections is working to identify supporting measures to improve performance across the estate. All general waste is diverted from landfill.

Green Cover

The sustainable development team supports fire stations across London to improve local green cover, providing policy guidance and encouragement through the Brigade in Bloom competition. 87 fire stations have established gardens, improving wellbeing locally. Developed and built locally by firefighters on a voluntary basis, each is unique to their station.

Responsible Procurement

Progress against the Responsible Procurement implementation plan continues. Led by the Sustainable Development Team within the Procurement Department and supported by the Central Responsible Procurement Team (CRPT). The CRPT is now funded directly by the GLA.

Appendix 8 Sustainability Analysis

Adapting to Climate Change

The London Resilience Group continues to support the London Resilience Partnership in preventing, preparing for, and responding to, emergencies related to climatic events.

Table 1: LES related existing budget items

LES theme	Description of Item	Capital / Revenue	2021/22 £k	2022/23 £k
Carbon Strategy	Works set out in the carbon strategy	Capital	731	531
Carbon Strategy	REGO certified renewable electricity	Revenue	1,650	1,650
Carbon Strategy	Works set out in the carbon strategy	Revenue	24	24
Carbon Strategy	Carbon Reduction Manager - to deliver the carbon strategy	Revenue	80	80
Carbon reduction	Planned minor works property improvements that will support energy efficiency improvements of buildings such as heating, windows and roof replacements	Capital	3,988	2,685
Carbon reduction	Planned major works building refurbishment projects that will include energy efficiency and renewable energy as per the requirements set out in the standard station design briefing	Capital	14,076	10,501
Carbon reduction	Energy and compliance team	Revenue	187	187
Air Quality	2 x fire boat replacement	Capital	475	0
Air Quality	The fleet capital replacement programme will replace vehicles with ULEZ compliant vehicles	Capital	9,766	0
Air Quality	Charge points Maintenance and Management	Revenue	26	26

Waste Reduction	Existing budget allocation to deliver the waste and recycling collection	Revenue	328	328
Climate Adaptation	London Resilience Group	Revenue	1,168	1,168
Implementation Support	Sustainable Development Team	Revenue	301	301

Appendix 8 – Sustainability Analysis

Table 2: LES related reserve budget items

LES theme	Description of Item	Capital / Revenue	Reserve £k	Comment
Air Quality	The Ultra Low Emission Fleet programme and Zero Emission Pumping Appliance Programme, and Programme Manager	Revenue	1,832	Early feasibility work undertaken, spend profile is dependent on ZEPA procurement currently out to tender.
Air Quality	Phase 2 installation of electric vehicle charging point infrastructure	Revenue	173	Works largely complete, 2 sites delayed, awaiting landlord's permission and review of electrical supply upgrade requirements.

Appendix 9 Draft Letter to FREP Committee

Susan Hall AM

The London Fire Commissioner is the fire and rescue authority for London

Chairman, Fire, Resilience and Emergency Planning Committee

City Hall

Date 26 November 2021

The Queen's Walk

London

SE1 2AA

Dear Susan,

LFC Reserves Strategy and Medium Term Financial Strategy

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

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

As part of the 2022/23 budget process a Reserves Strategy and Medium Term Financial Strategy (incorporating efficiency plan requirement) have been prepared to support decision making and the ultimate approval of the 2022/23 Budget for the LFC.

Draft versions of these documents are included in the Budget Submission to the Mayor, provided to meet the 26 November 2021 deadline. A copy of that submission is attached to this letter.

I would be grateful if the FREP Committee could review and consider these two documents and provide any comments so that these can be considered as part of finalising the LFC Budget for 2022/23.

Yours sincerely

Andy Roe

London Fire Commissioner

Appendix 10 – Budget Submission to the Mayor

This section will be completed once the draft submission has been reviewed by the Commissioner's Board on 23 November 2021.

