

Report title

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**Budget Submission 2023/24**

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Report to	Date
Investment and Finance Board	27 October 2022
Commissioner's Board	3 November 2022
Deputy Mayor's Fire and Resilience Board	22 November 2022
Investment and Finance Board	24 November 2022
London Fire Commissioner	

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Report by:	Report number
Assistant Director, Finance	LFC-0766y

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I agree the recommended decision below.

**Andy Roe**  
London Fire CommissionerDate **This decision was remotely  
signed on 05 December 2022**

## Executive Summary

The Mayor has written to the London Fire Commissioner (LFC) to consult the LFC before preparing his draft Component Budget for the LFC for 2023/24. The Mayor is proposing to provide funding of £435.7m 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 2023/24 at a time of exceptional inflationary pressures and resulting impacts on staff pay.

This is the full draft budget for 2023/24 and will form the LFC budget submission to the Mayor on 25 November 2022 in line with the Mayor's Budget Guidance issued on 29 July 2022.

## Recommended decisions

### For the London Fire Commissioner

That the London Fire Commissioner approves:

1. The Budget Submission for 2023/24 to the Mayor that includes:
  - a. Savings of £23.4m in 2023/24, as set out in paragraphs 36 to 43, table 2 and appendix 3.
  - b. A draw of £4.0m from the Budget Flexibility Reserve to deal with the impact of exceptional inflationary pressures in 2023/24 as set out in paragraph 21.
  - c. Departmental Investment proposals of £4.0m in 2023/24 as set out in paragraph 44, table 2 and Appendix 4.
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 2025/26 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 2023/24 for the Greater London Authority (GLA) and the functional bodies was issued on 29 July 2022. 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 2023/24 of £435.7m, 2024/25 of £452.9m, and 2025/26 of £470.2m.
5. An internal budget process has been undertaken looking at departmental investment and savings proposals and previous assumptions made in the MTFs. Key elements of this process included budget scrutiny meetings involving the Commissioner and 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 Investment and Finance 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 2025/26 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 investment 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 2023/24 despite starting with a £11m deficit, inflation being the highest level in 40 years and higher than previously budgeted pay rises as a result of cost of living pressures on staff.
8. Taking into account the proposed savings and investment options, there currently remains a budget deficit of £0.7m in 2024/25. As part of improving the Brigade's financial controls and work to develop efficiencies a number of measures are being developed for implementation as part of the 2023/24 budget process, additional information on those is set out later in this report. This will help to ensure sustainable finances over the medium to longer term.
9. Until these plans have been agreed, the current MTFs assumption is that the £0.7m deficit in 2024/25 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 2023. The LFC will agree a final revenue budget and capital programme for 2023/24 in March 2023.
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 25 November 2022 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

25 November 2022	Functional bodies to provide full and summary budget submissions to the Mayor. This must be published on LFC's website.
November/December 2022	Provisional Local Government Funding Settlement
8 December 2022	Budget and Performance Committee meeting with LFC and MOPAC
Mid to late December 2022	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 2 January	GLA to inform Functional Bodies (FBs) of any changes to control total allocations (only if major changes following provisional settlement publication)
11 January 2023	January Budget Update report presented to Commissioner's Board, providing updates from the November submission if required.
26 January 2023	London Assembly considers the Mayor's draft consolidated budget 2023/24.
Early February	Government expected to publish final local government and fire finance settlement (expected date based on final settlement for 2022/23).
23 February 2023	London Assembly considers the Mayor's final draft consolidated budget 2023/24.
28 February 2023	Statutory deadline by which the GLA precept must be approved and the Mayor's statutory Capital Spending Plan is published.
March 2023	The LFC approves the final Budget for 2023/24, 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 22 November 2022. The purpose of the letter is to consult the Commissioner and clarify the requirements for the LFC's budget submission before preparing a draft component budget for 2023/24. 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 £435.7m in 2023/24, which is in line with revenue funding totals as set out in his Budget Guidance issued on 29 July 2022 and represents an increase (in cash terms) in funding of £13.9m from the funding levels provided in 2022/23. The guidance then sets out funding of £452.9m in 2024/25, and of £470.2m in 2025/26.

## **Government Spending Reviews**

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. A further spending review was expected to be carried out on 31 October 2022 but in light of the change in Prime Minister this was published as part of the Autumn Statement on 17 November 2022.

## **Medium Term Financial Plan**

19. The final March 2022/23 Budget Report (LFC-0679) set out the agreed budget for the 2022/23 financial year and included two further years (2023/24 and 2024/25), as required by the Mayor in his Budget Guidance for that year. That report set out a balanced budget in 2022/23 based on the assumptions in that report and a forecast budget gap of £11m in 2023/24. The estimates have been kept under review in light of financial performance during 2022/23 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 2023/24 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 balanced budget in 2023/24 after taking account of use of reserves for exceptional inflation of £4.0m, but a budget deficit of £0.7m in 2024/25, largely due to the funding requirements for a 5% annual pay award. There is then a forecast budget surplus of £5.0m in 2025/26 which will be used to replenish the Budget Flexibility Reserve, which reflects departmental savings of £5.4m and a forecasted funding increases from the Mayor.

22. However, the position from 2023/24 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. These are considered later in this report.

23. In making the saving and investments proposals as set out in Table 2 below consideration has been given to the LFC's strategic objectives and Value for Money principles, including:

- The number of fire stations, appliances and firefighters are not reduced
- Delivery of the Community Risk Management Plan
- Appropriate investment continues to be made in transformation activity
- Resources are available to meet the recommendations arising from both the Grenfell Tower and Manchester Arena Inquiries and also the improvement plan from the HMICRFS inspection
- Adequate investment in core infrastructure is maintained
- Appropriate resources set aside to deliver key strategies
- Resources are allocated to key priorities
- Opportunities for innovative and modern ways working will be adopted as far as possible

**Table 2: Budget Position for the LFC**

	2023/24	2024/25	2025/26
	£m	£m	£m
Budget Gap as set out in the MTFFS for 2022/23 (and rolled forward into future years)	11.0	2.6	0.0
Update to Inflation and Medium Term Assumptions	3.2	3.9	4.3
Cost of a 5% pay award for operational staff	5.6	5.6	5.6
Cost of a 5% pay award for FRS staff	1.0	1.0	1.0
Removal of Prior year Savings and Investment Assumptions	0.6	2.7	2.7
Investments Now Proposed	4.0	3.8	3.7
Revenue Contributions to Capital	2.0	0.0	0.0
<b>Budget Gap after Pressures Identified</b>	<b>27.4</b>	<b>19.6</b>	<b>17.3</b>
Departmental Savings Proposed	-2.3	-4.5	-5.4
Operational Vacancy Margin	-4.9	0.0	0.0
Additional FRS Vacancy Margin	-1.0	-1.0	-1.0
Efficiency Review - Reforms to Operational Support Units	-1.5	-1.5	-1.5
Efficiency Review - Further Savings	0.0	-1.5	-3.0
Targeted Rolling Review of all business areas by the Investment & Finance Board	-0.3	-1.0	-2.0
Review of Insurer Income under the MFB Act	-2.1	-3.1	-3.1
Review of Capital Financing Costs	-4.0	-2.0	-2.0
Actuarial re-valuation of required contributions to LGPS for FRS Staff	-4.3	-4.3	-4.3
FRS Recruitment Controls	-1.0	0.0	0.0
Review of Earmarked Reserves	-2.0	0.0	0.0
<b>Total Savings Identified</b>	<b>-23.4</b>	<b>-18.9</b>	<b>-22.3</b>
Use of Budget Flexibility Reserves to Offset Inflation	-4.0	0.0	0.0
Contribution to Budget Flexibility Reserve	0.0	0.0	5.0
<b>Budget Gap (+) / Surplus (-) After Savings Identified</b>	<b>0.0</b>	<b>0.7</b>	<b>0.0</b>

24. The MTFFS includes an assumption of a 5 per cent pay award for 2022/23 for all staff although discussions with the respective representative bodies are still ongoing and the actual pay award currently remains uncertain. The 5 per cent pay award for FRS staff for 2022/23 would replace the previous employer offer of a 3 per cent cost of living increase and a 3 per cent salary progression increase within staff pay scales. Following a review of both these options it is considered that the 5 per cent offer would have a more equitable impact on staff within different grades and between Operational and FRS staff, subject to further discussions with the unions.

25. At this stage, the staff pay award assumption for 2023/24 and subsequent years of the Medium Term Financial Plan has provisionally been set at the standard 2 per cent level in this draft Budget submission. This provisional amount will be reviewed in the run up to finalisation of the Budget submission in March 2023 and as part of the 2023/24 pay award setting process, taking

into account the latest projections for inflation and the impact on cost of living. The London Fire Commissioner will work alongside the National Fire Chiefs Council in making the strongest possible case to government for additional funding for pay and for reforming the pay system in the sector. Many staff have said to the Commissioner that they want longer term pay arrangements, rather than annual negotiations, including an agreed pay formula. The Commissioner has committed to pursuing this and discussions have already begun with our various stakeholders. We would like to look at skills pay, incremental pay and a pay formula to give longer term security. The Commissioner will apply the same energy to this agenda as he did to increase the pay offer to 5% for the 2022/23 pay settlement.

### **Establishment**

26. The 2022/23 budget process proposed a return to full establishment in 2023/24 and the full reversal of an additional Average Vacancy Margin (AVM) of 296 posts below full establishment.
27. Since the approval of the Budget 2022/23, work has continued on the feasibility and impact of this level of change in the AVM, in particular on areas such as recruitment and training, as well as on operational delivery. A number of working groups reporting into the Establishment Board, have been considering key aspects of the change in AVM and presenting options for consideration. The conclusion from this work is that rather than fully removing the additional AVM, that a two-step approach should be adopted, and lead to a reduction to an AVM of 100 in 2023/24. Work will then continue to address recruitment, skills and training, and then allow removal of all the additional AVM, a return to full establishment, in 2024/25.
28. This phased reduction in the additional AVM has generated a one-off reduction in the budget requirement of £4.9m and is reflected in Table 2 above.

### **Pre-Arranged Overtime (PAO)**

29. The LFC has experienced significant additional demand for PAO, worked by operational staff, in the current, 2022/23, financial year. This additional demand has led to operational staff having a forecast overspend at Q2 of £9.7m, which is partly mitigated by underspends in other budgets. As well as factors such as skills shortages, vacancies, leave and sickness levels, there have been exceptional events during 2022/23 that have contributed to this additional demand for PAO including the major incident declared in the summer due to the extreme heat resulting in a high number of incidents to respond to and also the maintenance of resilience at the highest levels throughout August, and also the impact of Operation London Bridge, the LFC operational response as part of HM The Queen's funeral.
30. To address the increased demand for PAO and overspending position a working group was formed to analyse the drivers for PAO and develop options to reduce this in a way that ensures operational performance and resilience, staff wellbeing and financial sustainability. This work has been led by an Assistant Commissioner, reporting into Directors and the LFC. On 21 November, these proposals were discussed with the Commissioner, who is firmly committed to addressing this issue at pace. Implementation of these proposals will begin from January 2023, with the strategy developed into a formal LFC decision paper, for consultation with the Deputy Mayor. Subject to approval of the plan, the implementation of the cost avoidance proposals will predominantly make an impact in the final quarter of 2022/23 and continue into next year and beyond.



## **Pensions Remedy**

31. There are ongoing legal proceedings relating to the transitional provisions (protection arrangements) for the Firefighters' Pension Scheme (FPS) 2015. By way of summary, in 2018, the Court of Appeal ruled that the transitional protection element of the 2015 public service pension reforms constituted unlawful age discrimination in the Firefighters' and Judges' Pension Schemes (Sargeant and McCloud cases). The legal proceedings were due to be held for a preliminary hearing on 13-28 October 2022 although this was vacated. Vacation of the hearing followed agreement in principle as to issues of non-financial loss, and to provide further time to negotiate the full settlement details between all parties (including FRAs) through their respective legal representatives. In the case of FRAs, approval will then be needed by the Steering Committee before final agreement is reached. The cost of compensation will be fully met by Government.
32. On 4 February 2021, the Government published its consultation response on how it intends to remove the discrimination identified by the courts in 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, and this has now been implemented. The second is retrospectively for benefits built up during the period of discrimination 1 April 2015 to 31 March 2022 (the remedy period), and this is to commence in October 2023, following pensions legislation being put in place and pensions systems amended to reflect these.
33. Following consultation on the proposed amendments to the pension scheme regulations to deliver the first set of changes to remove the transitional protections from the FPS 2015 (prospective action), the Public Service Pensions and Judicial Offices Act 2022, (the PSP&JO Act) received Royal assent on 10 March 2022. There will be a further consultation process with regard to the second part of the remedy, (the retrospective remedy) later this year.
34. The full impact of the pensions remedy on the LFC is not yet clear, and this will be fully considered in pension scheme valuations following implementation. This valuation will include any changes necessary to employer pension contribution rates, and this will be reflected in the LFC's medium term forecasts as further information becomes available.

## **Pensions Revaluation**

35. The Local Government Pension Scheme (LGPS) has recently undergone re-valuation, whereby the actuary assesses the contributions required by members of the scheme in order to meet their future obligations to the scheme and its members. As part of this evaluation, it was assessed that LFB would be able to reduce its annual contributions to the scheme by £4.3m and still meet its obligations. This has therefore been factored as a re-occurring saving in the MTFS.

## **Savings Plans**

36. A total of £23.4m in Budget reductions are proposed for 2023/24, including departmental and efficiency review saving proposals of £3.8m as set out in Appendix 3, operational and FRS staff vacancy margin savings of £4.9m and £1.0m respectively, a review of income from insurers of £2.1m, a review of capital financing costs of £4.0m, the impact of an actuarial review of LGPS employer pension contributions of £4.3m, additional FRS staff recruitment controls of £1.0m and a release of £2.0m from earmarked reserves following a review of ongoing requirements.
37. Despite these savings, there currently remains a budget deficit of £0.7m in 2024/25 and it will be important that further efficiency plans are developed to address this budget shortfall. Paragraphs

75 to 81 set out proposals to strengthen financial controls and deliver further efficiencies over the MTFS period.

38. Whilst these significant saving proposals are sufficient to close the budget gap in 2023/24 further work is ongoing in a range of areas to generate further savings. These include targeted reviews by the Investment and Finance Board, the ongoing work of the Efficiency Review and the regular Departmental Reviews as part of the ongoing budget process
39. Until firmer plans for future years have been developed, the current assumption is that the deficit in 2024/25 will be met from a draw down on the Budget Flexibility Reserve.
40. In addition to the savings areas set out above an Efficiencies Review has been delivered setting out a wider range of proposals. These include a mixture of cashable savings, reduction in unbudgeted financial risks, improved productivity and resource allocation (noting that there should be no reduction in firefighters, fire appliances or fire stations) and cost avoidance (especially in the context of significant inflationary pressures on contracts). The findings of the review are now being taken forward as part of the 2023/24 budget process; proposals have varying lead times for implementation depending on complexity, existing contractual commitments and strategic opportunities (e.g. aligning timing to planned reviews of policy areas and delivery of the CRMP).
41. The following key areas are currently the main scope for efficiencies saving being taken forward: a revised staffing model for the Operational Support Units (OSUs); vacancies within FRS staffing; a reduction in operational travel/journeys and associated costs; the reduction of false alarms; review of undress uniforms; provision of leased cars; review of overtime in Control; inventory management; income generation. Appendix 3 provides a detailed list of these areas of review, in addition to the savings proposals.
42. This report includes the impact of a target for an ongoing efficiency review process to find incremental savings of at least £1.5m annually over and above those already included in the budget plan.
43. It should also be noted that a review (see paragraph 29 to 30) of pre-arranged overtime was also carried out as part of the Efficiencies Review, which has overspent against the 2022/23 Budget. Whilst this work will not generate a budget saving it is key in reducing spend in this area and plans to remove any overspend against the budget in 2023/24, whilst maintaining operational performance and resilience.

### **Investment proposals**

44. The budget process for the LFC also identified a number of proposals for investment to ensure the Brigade is able to meet current and future challenges, amounting to £4.0m in 2023/24. Detailed information can be seen in Appendix 3. Key areas of investment include Operational Resilience (£875k), ICT (£651k), Community Engagement (£265k), Communications Department Restructure (£281k), Learning & Professional Development for Operational staff (£468k) and Occupational Health contract (£412k). Additional information on the Community Engagement and Communications Department Investment is set out from paragraph 66.
45. The budget process has also carried out a review of growth agreed as part of the 2021/22 Budget on Transformation and People Services. The outcome of these reviews are set out below from paragraphs 46 and 58 respectively. These sections do not request additional funding and explain the progress in delivering the outcomes from previous investment.

## Transformation

46. The Community Risk Management Plan (CRMP) sets out an ambitious and challenging strategy for change and the Transformation Directorate is integral to the successful achievement of those goals.
47. Feedback from HMICFRS as well as both our own internal audit and independent assurance advisor is that the Brigade should be adopting a more structured and co-ordinated approach to delivering, managing and prioritising change which is aligned to the LFC's overall ambition.
48. Since joining LFB in June 2020, the Director for Transformation has instigated a programme of work to build the foundations needed, both in terms of professional capabilities and process, to create an environment that will support sustainable transformation. Following previous budget approval for investment in transformation, specific proposals for the expenditure requirements to deliver the Transformation Directorate restructure were approved in July.
49. Now that the LFB has defined its vision in the new CRMP, the Directorate's role is to help the organisation develop the capabilities, capacity and frameworks necessary to deliver it in a considered and deliberate way and to sustain the deployment of those capabilities and processes through what will be a significant period of change across all aspects of LFB.
50. Change will be prioritised, sequenced and delivered in such a way that colleagues don't feel overwhelmed, feel that they have the space to learn and contribute and see that change is being delivered that helps them to do their job to the best of their ability with the right tools, whatever their role might be.
51. The organisation will make better investment decisions, better manage programmes and projects to deliver benefits and introduce a culture of continuous performance improvement.
52. The new structure is in the implementation stage, with the majority of new posts expected to be filled by the end of the financial year. This extended implementation period has significantly reduced the draw down in 2022/23 against the agreed budget growth of £2.5m (£1.5m net of reserves use). The funding therefore required from reserves has been reprofiled, and the funding no longer required in 2022/23 taken forward to 2023/24. Alongside the implementation of the new structure, key achievements for over this year include:
  - Strategic Planning have led on the development of the new Community Risk Management Plan, which is underpinned by detailed, phased delivery plans. The first of these has been introduced for 2022/23 and aims to support the Brigade's transition to the new CRMP which will begin from 2023.
  - The portfolio function in the directorate is supporting the establishment of programmes and projects, providing new guidance, advice and systems to enable effective delivery of change across the organisation.
  - The performance improvement team have led on the identification of performance measures that will evidence the effectiveness of delivery of the new CRMP and is focussing now on the development of business level measures that will provide management information at directorate and department levels.
  - The revised approach to risk management introduced last year has been embedded into existing governance arrangements and the focus is now on developing assurance, both

enterprise-wide and service delivery, so that the executive team can evidence the effectiveness of delivery.

- The investment has also supported ongoing provision of business continuity services for the organisation for both sudden and rising tide events, such as the ongoing demands of covid- 19 earlier in the year, the wildfires in July and the former Queen's funeral in September.
- The Directorate has also facilitated a second full inspection by His Majesty's Inspectorate of Constabulary and Fire Rescue Services and co-ordinated the production of a comprehensive action plan in response to the findings.

53. In terms of the recommendations arising from Phase 1 of the Grenfell Tower Inquiry (GTI) one of the 14 recommendations directed specifically at LFB from the GTI report remains outstanding and is on track to be complete by the end of March 2024 and of the further 15 recommendations directed across emergency services, the remaining two recommendations are scheduled to be implemented by December 2023 and March 2025 respectively.
54. Following HMICFRS's second full inspection of London Fire Brigade (from 23 November 2021 to 21 January 2022), the final report was published on 27 July 2022. The report contains 44 recommendations related to areas for improvement alongside two causes of concern.
55. The Brigade has developed action plans to address the two causes for concern as a matter of priority and an overarching action plan for all other areas of improvements. This action plan has been mapped against the LFC 2022/23 delivery plan and CRMP. The first scheduled progress update will be provided to HMICFRS following the end of Q3 2022/23 and will be quarterly thereafter.
56. In respect of the HMICFRS recommendations from 2019, of the 26 recommendations, 19 have been implemented as at the end of Q2 2022. Of the remaining seven recommendations, five are expected to be implemented by the end of 2022/23 with the remaining two recommendations to be implemented by March 2024 and March 2027 respectively.
57. The Improvement Progress Report published in October sets out further details of progress against these recommendations as well as progress made against the improvement ambitions set out within the Transformation Delivery Plan (TDP).

## **People**

58. 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. 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 need for this change and associated investment is further supported by the 2022 HMICFRS Inspection report, which rates the LFC as 'Requires Improvement' across all areas under 'People' and grants a Cause for Concern in relation to culture. The growth also anticipates somewhat the results of the independently-led Culture Review due to report in November 2022 i.e. the need to improve the culture within the organisation, including specifically leadership, diversity and inclusion.

60. People Services, as the LFC's HR Function, is one of the main enablers to the delivery of this change. The function has historically not been set up in the best way to deliver this, with most staff dedicated to the end-to-end employee lifecycle, rather than strategic work to improve the culture of the organisation.
61. The investment from last year's budget submission is starting to reshape the function in line with good practice elsewhere to deliver this change. For example, the investment has enabled delivery such as:
- The continued roll-out of leadership development programmes at all levels within the organisation
  - Improvements to the support provided to neurodiverse staff
  - The development and implementation of a new Wellbeing Strategy for the organisation, focussing on the prevention of poor wellbeing to reduce sickness absence and the cost associated with it.
62. Most notably, the implementation of a new HR People Partner function from September 2022 is core to the delivery of the action plan to remove the Cause for Concern issued by HMICFRS in relation to culture, and in the organisation responding effectively to the external review of culture (see below). HR People Partners have started to support this through:
- Reviewing people data regularly with senior leaders to identify specific areas of strength and concern around culture in their departments, to design targeted strategies or plans to improve
  - Working closely with senior leaders to effectively implement the new discipline, performance, bullying, harassment and grievance policies and approaches being reviewed as part of the Cause for Concern action plan
63. The next step for the People Services Strategy is to complete the restructure of HR Operations, which will include a root and branch review of HR processes in line with the implementation of a new HR system from April 2023.
64. Over the course of the next 3-4 years the investment will start to 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 the CRMP, including:
- Delivering efficiencies in People Services following the implementation of the new operating model and HR system
  - Cost avoidance through reduction in management time spent on managing grievance and bullying and harassment cases
  - Cost avoidance 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.

## **Culture Review**

65. In 2021, the LFC launched an organisation-wide independent review into our culture, appointing Nazir Afzal OBE as the Chair of the review. The review will report on 28 November 2022. Any

financial implications arising from the review will be reflected in the final Budget submission in March 2023.

### **Communications and Community Engagement Resourcing**

66. The successful delivery of Your London Fire Brigade, the LFC's Community Risk Management Plan, is critical to the Brigade's future and ensuring it is trusted to serve and protect London. Crucial to that delivery is a high performing and strategic communications function that can deliver integrated communications campaigns which are fully aligned to Your London Fire Brigade, with the voice of the community at its heart.
67. To support this delivery further investment is therefore required in the Communications Directorate of £546k. The directorate currently has 19 posts to deliver the core communications functions, with other staff in the directorate covering the museum, fundraising, print room, design and events, and this level of resource is not considered adequate to deliver the requirements of transforming the Brigade.
68. The investment will strengthen key functions on stakeholder and community engagement, public affairs, internal communications, and communications planning. The additional investment will support the LFC's new Communications Director in delivering her role, and help ensure the successful delivery of Your London Fire Brigade as well as supporting culture change. The £546k of investment includes £265k for Community Engagement and £281k for the other functions set out above.

### **Industrial Action**

69. The LFC, along with most organisations, is experiencing pay award expectations from staff well in excess of funding available, due to the cost of living challenges. The Fire and Rescue sector employers made a five per cent pay offer for pay increases from 1 July 2022. The Fire Brigades Union (FBU) conducted a consultative ballot which concluded in November on whether to accept or reject the five per cent pay offer for its members. The result of that ballot was to reject the pay offer. The FBU has now confirmed that a ballot for strike action will open on Monday, 5 December 2022 and close on Monday, 23 January 2023.
70. Any strike action will have financial implications for the LFB and require the use of its Operational Contingency Arrangements contract. This will result in set up costs and then additional expenditure for each period of strike action. This will then be offset by deductions from staff salaries for any period of strike action. Any resulting additional financial pressure would be met from the LFC's Budget Flexibility Reserve, which will reduce its capability to deal with other arising financial pressures in the medium term.

### **Grants**

71. The Budget for 2023/24 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

<b>Grant Name</b>	<b>Amount in 2023/24 £m</b>	<b>Expected length of Grant</b>
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	
<b>Total</b>	<b>33.9</b>	

72. 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.

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

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

74. In addressing the Mayor's sustainability agenda as set out as part of this year's Mayors budget guidance a Carbon Reduction Strategy has been drafted and was presented to the Investment & Finance Board on 27 October 2022 and the Commissioner's Board on 3 November 2022.

### **Financial Control and Efficiencies**

75. As part of improving the Brigade's financial controls and work to develop efficiencies a number of measures are being developed for implementation as part of the 2023/24 budget process. These measures will also support the Brigades work to ensure it meets the requirements of CIPFA's Financial Management Code and our response to the recent HMIFRS recommendations and have

been set out below. The LFB's Value for Money Principles will be updated to reflect these measures to strengthen financial controls and efficiencies.

#### Efficiencies

76. Ensuring that work on efficiencies is not a one-off exercise but embedded as a core part of our ongoing financial management – implementing the findings from the initial Efficiencies Review, as well as any new opportunities over the medium and long term (such as the surrender of the lease in Union St), regularly monitored by the Investment & Finance Board (IFB). This would include the IFB carrying out rolling deep dive review into thematic areas of expenditure – business as usual costs as well as incremental bids for funding – in order to identify opportunities for savings.

#### Budget Delegation

77. The introduction of annual budget delegation letters to Directors (and cascaded down to Heads of Service budget holders) to ensure greater accountability at directorate level for managing budgets, including improved forecasting, managing pressures within directorates by finding offsetting savings/efficiencies and re-prioritisation of resources. This would replace the current system which encourages bidding to the centre for additional resources. Directorates would be supported through the enhanced finance business partnering service as this is implemented (as per the approved finance review bid approved on the 31 August 2022) and embedding of the Brigade's value for money principles.

#### Recruitment Controls

78. The introduction of recruitment controls for FRS (non-operational) posts (led by the Directors of People and Corporate Services) to ensure greater scrutiny and challenge before recruitment is undertaken to vacant posts. This should consider all permanent and temporary recruitment, and include consideration of whether the responsibilities of the vacant post could be accommodated by reorganising the wider team's work. A similar system of controls was temporarily introduced to help manage financial pressures during the pandemic, and lessons learnt from this applied to the new approach.

#### New Business Case Process

79. The new business case process developed by the Portfolio Office should improve value for money by placing a stronger emphasis on articulating and quantifying returns (monetary and non-monetary) as well as costs of investment; the improvements in programme delivery (overseen by the Brigade Portfolio Board) should lead to improvements in planning and delivering projects to time and cost.

#### Collaboration

80. Stronger push on working with the GLA, FRS sector and any other relevant public bodies, to identify and realise collaboration opportunities.

#### Staff Recognition

81. Promote a culture of recognition for staff that deliver efficiencies / value for money, for example through People Awards.

### **Equality Assessment**

82. 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 7 to comply with this requirement.



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

83. The Fire and Rescue National Framework sets out the documents each Fire and Rescue Service (FRS) is required to produce, which include an integrated risk management plan, an annual statement of assurance (to be published later this year) and its financial plans including an efficiency plan, a Medium Term Financial Strategy and a Reserves Strategy.
84. 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 2023/24.
85. A draft letter to the Chair of the London Assembly's Fire, Resilience and Emergency Planning (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, alongside that from the Budget and Performance committee, will then also be considered as part of finalising the LFC budget for 2023/24.

## **The Financial Position as at the end of September 2022**

86. As at the end of quarter two of 2022/23 the Brigade was forecasting an overall overspend position of £4.8m.

### **Reserves**

87. 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 2023 to 31 March 2026;
  - in the case of earmarked reserves held for purposes beyond 31 March 2023, 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.
88. 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**

89. 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

90. 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 2023/24 and will be reported in the final budget report in March 2023.

## Capital Programme 2023/24 to 2026/27

91. The Financial Position as at the end of September for Q2 has been used as a base starting point, however this has then been amended to reflect any known changes since the reporting date. This revised position has been used for 2022/23.
92. The overall capital programme is summarised in the table below:

Table 4 : Capital Programme Summary

Project	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m
<b>Capital Schemes</b>						
Properties	10.3	18.4	14.3	35.0	15.7	93.7
Fleet Replacement Plan	8.1	6.4	2.9	4.1	2.8	24.3
ICT Projects	4.6	11.3	11.5	3.4	3.2	34.0
Communications Project	0.0	2.3	0.0	0.0	0.0	2.3
Ops Policy Equipment	0.2	8.1	0.0	0.0	0.0	8.3
<b>Total Expenditure</b>	<b>23.2</b>	<b>46.5</b>	<b>28.7</b>	<b>42.5</b>	<b>21.7</b>	<b>162.6</b>
Capital Receipts	0.0	0.0	12.3	0.0	0.0	12.3
Capital Grants	0.0	0.0	0.0	0.0	0.0	0.0
External Borrowing	23.2	46.5	16.4	42.5	21.7	150.3
<b>Total Financing</b>	<b>23.2</b>	<b>46.5</b>	<b>28.7</b>	<b>42.5</b>	<b>21.7</b>	<b>162.6</b>

93. The Capital Strategy for 2023/24 is included within 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 2026/27, are included in the Mayor's Capital Spending Plan, and are funded by the capital financing costs reflected in the LFC revenue budget submission. The costs of borrowing are within both affordability and borrowing limits.
94. The Capital Receipt in 2024/25 is net of a repayment to the GLA that will become due on the sale of 8 Albert Embankment. LFB will therefore require external borrowing to fund this repayment.
95. 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

96. 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 2023/24 Capital Strategy is detailed in Appendix 5.

## Equalities Impact

97. 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.
98. 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.
99. 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.
100. 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.
101. 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.
102. 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.
103. 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.

104. 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.

105. 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.

106. 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.

107. 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**

108. 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.

109. 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.

110. 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.
111. 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.
112. 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.
113. 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
114. 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**

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

### **Workforce Impact**

116. LFB's recognised trade unions are being consulted on the savings and investment proposals for 2023/24, 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 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**

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

## Legal comments

118. 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.
119. 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.
120. 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.
121. 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.
122. 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.
123. 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."
124. 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.
125. 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 (FREP)). 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.

126. 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.
127. 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,*
128. In addition the Mayoral Directions provide that prior consultation with the Deputy Mayor is required on anything that requires the consent of the Mayor.

## List of Appendices

<b>Appendix</b>	<b>Title</b>	<b>Protective Marking</b>
1.	Consultation Letter	None
2.	Medium Term Financial Strategy	None
3.	Saving Proposals Summary	None
4.	Investment Proposals Summary	None
5.	Capital Strategy	None
6.	Reserves Strategy	None
7.	Equality Analysis / Equality Impact Assessment (EIA)	None
8.	Climate Budget and Sustainability Analysis	None
9.	Draft Letter to FREP Committee	None
10.	Budget Submission to the Mayor	None



# MAYOR OF LONDON

Dr Fiona Twycross  
Deputy Mayor, Fire and Resilience  
[Fiona.twycross@london.gov.uk](mailto:Fiona.twycross@london.gov.uk)

Date: 22 November 2022

Dear Fiona,

### Budget Proposals 2023-24

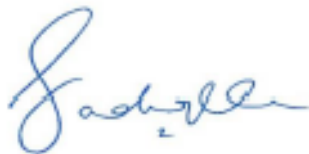
1. The purpose of this letter is to consult you before I prepare a draft component budget for the London Fire Commissioner (LFC) for 2023-24, in accordance with the provisions of paragraph 2 of schedule 6 of the Greater London Authority Act 1999 (the GLA Act 1999). It also allows me to describe in more detail the process for finalising my Budget and clarify 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 hoped 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. I have not yet received any information from the government that contradicts the council tax referendum assumptions set out in my 2023-24 Budget Guidance. Unfortunately, it is likely that further detail will not be available until the provisional settlement 2023-24 is published. Consequently, 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 in 2023-24.
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; a £20 increase at Band D to offset reduced fares income for TfL; and a 1.99% increase in the non-police 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 2023-24 that will require the GLA to pay to the LFC under section 102 of the GLA Act 1999, as amended, an amount equivalent to £435.7 million.

City Hall, Kamal Chunchie Way, London E16 1ZE  
mayor@london.gov.uk • london.gov.uk • 020 7983 4000

## MAYOR OF LONDON

6. For planning purposes, I intend to set an indicative allocation for 2024-25 of £452.9 million and for 2025-26 of £470.2 million which reflects similar uprating assumptions as for 2023-24 outlined above. These amounts remain indicative, given future years' allocations of funding for the GLA Group have yet to be announced. The government has also, previously, stated its intention to engage further with the local government sector 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. On the basis of the funding assumptions set out above, I require that your proposals fully balance the budget for 2023-24. 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.
8. Please send your budget submission to Enver Enver, Assistant Director – Group Finance and Performance at the GLA (email: [enver.enver@london.gov.uk](mailto:enver.enver@london.gov.uk) and [GLABudget@london.gov.uk](mailto:GLABudget@london.gov.uk)) no later than 5pm on Friday 25 November 2022.

Yours sincerely,



**Sadiq Khan**  
Mayor of London

Cc: David Bellamy, Chief of Staff  
Andy Roe, Commissioner of the London Fire Brigade  
Mostaque Ahmed, Chief Finance Officer and Director of Corporate Services, LFB  
David Gallie, Executive Director, Resources, GLA  
Enver Enver, Assistant Director – Group Finance and Performance, GLA

## Appendix 2 – Medium Term Financial Strategy

### Medium Term Financial Strategy

#### 1 Introduction

This report sets out the Medium Term Financial Strategy (MTFS) for the London Fire Commissioner (LFC) covering the period 2023/24 and 2025/26.

The MTFS is a key part of the LFC's financial management framework and helps to ensure that resources are managed into the medium term, and supports better alignment of those resources to strategic priorities. It improves financial planning and strategic financial management and provides the financial context within which budgets are set.

The MTFS must set out the financial plans for multiple years, have regard to affordability and take 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

Over the last three years the UK economy has been hard hit by the impacts of the Covid-19 pandemic, as well as the impact of the UK leaving the European Union. This has then been further impacted by the Russian invasion of Ukraine and the cost of living crisis. This presents a challenging economic context for the current and future budget processes.

Inflation has risen considerably above the Government's two per cent target, to a 40 year high of over 10%. This is impacting on the LFC not only in the higher costs it has to meet for contractual expenditure, but also in staff pay expectations driven by the increasing cost of living. The costs of living crisis has led to industrial relations tensions across many sectors and pay increases above previously planned levels, to meet these staff expectations, risk further inflationary pressure in the LFC's contractual expenditure. The uncertainty caused by the current economic context also impacts on the LFC's funding expectations. The majority of the LFC's funding comes from the Mayor, from resources available to him from government grants, the council tax and business rates. The Mayor's Budget Guidance 2023/24 considers these risks to funding, and presents a number of scenarios on the impact on the resources that may be available.

The Bank of England, like other Central Banks, has been raising interest rates to counter inflation and the fall in Sterling relative to the US dollar. The changes in Government have added to uncertainty in the market, although the appointment of Rt Hon Rishi Sunak MP as the new Prime Minister seems to have steadied this somewhat. However, there would appear to be a lot resting on the financial statement to be made by the Chancellor of the Exchequer on 17 November, with tough decisions expected on tax and spending.

The rise in interest rates impacts on the LFC in particular through the borrowing to support the capital programme. The LFC has been able to make use of capital receipts to fund the capital programme for a number of years, however these are now largely exhausted and so borrowing will now be required. As interest rates increase, this new borrowing will be at rates that are higher than previously assumed, and will add further pressure to the medium term financial position as resources are set aside to repay the debt and meet the interest charges.

## Appendix 2 – Medium Term Financial Strategy

### 3 Background

On 29 July 2022 the Mayor issued his latest Budget Guidance setting out the GLA's estimates of the Group budgets for each functional body, covering the period to 31 March 2026 and has been issued to underpin the process of setting the 2023/24 annual budgets. This Guidance highlights the significant funding uncertainty which the Mayor currently faces, given the impact of Covid-19, Brexit and the lack of certainty within the Government's plans to address the impact on the economy of the cost of living crisis.

This Mayoral Budget Guidance includes estimates of business rates and council tax revenue and certain assumptions have been made in those estimates. The LFC is predominantly reliant on funding from the Mayor, and his decisions on distribution of business rates and council tax.

The Budget Guidance provides three scenarios of estimates of funding and requires functional bodies to use the "central scenario" in setting their budgets for 2023/24.

The Mayor takes decisions on the distribution of the GLA business rates and council tax income and it is therefore important that the LFC can demonstrate a strategic approach to its finances enabling the achievement of strategic objectives whilst at the same time delivering real efficiencies.

### 4 London Fire Commissioner strategic priorities

In April 2022, the Brigade produced a new Delivery Plan which set out the Brigade's priorities ahead of the next Community Risk Management Plan (CRMP) which is due to come into effect in 2023, subject to Mayoral approval. This superseded the Transformation Delivery Plan (TDP) from 2020, in which the Commissioner set out the purpose, vision and priorities for the Brigade. The CRMP will build on this and set out the Brigade's ambitions for the next six years.

The Delivery Plan incorporates the outstanding actions arising from the TDP along with those from the first full inspection by Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) in 2019 and the recommendations from Phase One of the Grenfell Tower Inquiry.

As at the end of quarter two, 2022/23, the Brigade has completed 50 of the 59 actions from the TDP; 19 of the 26 actions arising from the first inspection and 26 of the 29 recommendations directed at the organisation specifically or at emergency services more broadly from the Grenfell Tower Inquiry.

On 27 July 2022, HMICFRS published the findings from its second inspection of the Brigade. The overall conclusion identified that the Brigade still 'requires improvement', whilst the Inspector noted "I do not underestimate the significant work which is required to make the improvements identified". He went on to state in his summary: "Overall, the brigade leadership have demonstrated a clear intent to addressing the problems identified during our previous inspection; however, we are yet to see any clear indication that this has translated into the improvements required". A new action plan has been developed to address the findings from the second inspection and has been submitted to HMICFRS, following approval by the London Fire Commissioner and the Deputy Mayor for Fire and Resilience.

## Appendix 2 – Medium Term Financial Strategy

Progress against the Delivery Plan 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 2019 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 Investment & Finance 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.

The CRMP sets out a range of commitments that could result in additional resource requirements within the Brigade. As with previous plans, the CRMP is not fully funded in advance; funding settlements for future years are uncertain and costs cannot be identified until detailed business cases have been developed. Any additional resource requirements identified as part of these commitments will be considered as part of subsequent reporting in line with LFB's governance requirements. Any financial pressures identified will then need to be considered as part of LFB's budget process for future years. These additional resources will include the financial impact of the work to achieve carbon net-zero by 2030. The GLA has also required that LFB clearly sets out the financial impact of achieving that in its budget submission.

Funding figures as set out by the Mayor represent increases in funding in each year, with an additional £13.9m provided in 2023/24, a further £17.2m in 2024/25 and a further £17.3m in 2025/26.

## Appendix 2 – Medium Term Financial Strategy

In order to achieve the requirement for a balanced budget in 2023/24 the LFC has carried out a budget setting exercise to identify the savings required as set out in its Budget Submission to the Mayor.

### 5 The Strategy

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

- The number of fire stations, appliances and firefighters are not reduced
- Delivery of the Community Risk Management Plan
- Appropriate investment continues to be made in transformation activity
- Resources are available to meet the recommendations arising from both the Grenfell Tower and Manchester Arena Inquiries and also the improvement plan from the HMICRFS inspection
- Adequate investment in core infrastructure is maintained
- Appropriate resources set aside to deliver key strategies
- Resources are allocated to key priorities
- Opportunities for innovative and modern ways working will be adopted as far as possible.
  
- 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.
- General Fund balance will be maintained at a sustainable level.

### 6 Assumptions

The Mayor has proposed that the GLA and its functional bodies should assume for planning purposes that their allocation of discretionary income from the GLA for 2023/24 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:

- 5% per annum pay award is applied to all staff groups in 2022/23.
- Each post has pay progression until the top of the grade/operational competence is reached.
- Energy and utility cost increases of £1.3m within 2023/24 contained within MTFS updates to reflect the current volatility in the market.
- Inflation is applied to other areas based on contractual requirements, linked to CPI, RPI and Average Weekly Earnings (AWE) as appropriate
- Any financial impacts of the pension remedy have not yet been included.

Date

## Appendix 2 – Medium Term Financial Strategy

### 7 Medium Term Financial Strategy 2023-2026

The Medium Term Financial Strategy sets out the proposed revenue budget for the next financial year (2023/24) 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.

	2023/24 £m	2024/25 £m	2025/26 £m
Operational Staff	292.7	298.9	307.6
Other Staff	66.1	67.4	69.2
Staff Related	28.9	30.6	31.4
Firefighter Pension Scheme	22.0	20.2	19.3
Premises	50.3	51.4	52.2
Transport	17.9	18.0	18.4
Supplies and Services	32.7	31.0	30.4
Third Party	1.4	1.5	1.5
Financing	11.7	17.2	18.6
Income	-48.1	-49.3	-49.5
Surplus (+) / Savings (-) still to be achieved	0.0	0.0	0.0
<b>Net Revenue Expenditure Total</b>	<b>475.6</b>	<b>486.8</b>	<b>499.1</b>
<u>Funding</u>			
Reserves (excl. BFR)	-2.0	0.0	5.0
Budget Flexibility Reserve	-4.0	0.0	0.0
<b>Total – Reserves</b>	<b>-6.0</b>	<b>0.0</b>	<b>5.0</b>
Specific Grants	-33.9	-33.9	-33.9
<b>Budget – Mayoral Funding</b>	<b>435.7</b>	<b>452.9</b>	<b>470.2</b>

As can be seen from the table, the brigade will have a net use of reserves of £1.0m 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.

### 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 2023/24.

Date

## Appendix 2 – Medium Term Financial Strategy

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

These VFM principles have been adopted by the LFC's Investment & Finance Board. The 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 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. These VFM principles will be updated to reflect the further proposals to strengthen financial controls and efficiencies set out in this Budget submission.

### 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.

- The LFC's policy on reserves is contained within the MTFS principles highlighted above and are as follows:
- Due to the large number of risks regarding cost inflation the requirement to maintain its general reserve at a minimum of 3.5% of net revenue has been reviewed by the CFO (Director of Corporate Services). It has been deemed appropriate to keep it at this rate, given the pressures already included within the MTFS planning assumptions and the reserves positions held within Budget Flexibility Reserves.
- The LFC will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.



## Appendix 2 – Medium Term Financial Strategy

- 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

#### Firefighter and Local Government Pension Schemes

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

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

#### Pay and Inflation

The MTFS includes an assumption of a 5 per cent pay award for 2022/23 for all staff. The pay award assumption in all subsequent years remains at the standard 2 per cent level. This assumption will be reviewed as part of the 2023/24 pay award considerations as part of the normal process to take into account inflation, affordability and other factors.

The Fire Brigades Union (FBU) has now confirmed that a ballot for strike action will open on Monday, 5 December 2022 and close on Monday, 23 January 2023. Any strike action will have financial implications for the LFB and require the use of its Operational Contingency Arrangements contract.

#### Property and equipment costs

The current economic climate has led to significant economic uncertainty. The impact of this is currently unclear, and so preparing longer term 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 further cost pressures being included within this year's MTFS update. Inflationary cost pressures will be funded through the one off use of the Budget flexibility Reserve.

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

## Appendix 2 – Medium Term Financial Strategy

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 may be different.

A risk exists in relation to meeting the emission reduction targets for 2030 (Ultra Low Emission Fleet (ULEF) programme) for the replacement vehicles and associated equipment in that the technology and infrastructure, if available at all, may be more costly than existing vehicle technology, leading to additional capital financing costs. Existing vehicles may need to be replaced earlier than their expected replacement date, bringing forward capital expenditure.

### 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 2023/24 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 Emergency Services Mobile Communications Programme (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.

### Other risks

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

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

Telecommunications income in respect of radio masts 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.

## Appendix 2 – Medium Term Financial Strategy

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

### Legal costs

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

### **11 Conclusion**

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

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

The MTFS 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.

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Commissioner & Directors	0	0	0
Corporate Services	1,356	2,603	3,219
Communications	44	44	44
People Services	499	807	1,107
Operational Delivery	404	1,003	1,003
Transformation	0	0	0
<b>Total</b>	<b>2,303</b>	<b>4,457</b>	<b>5,373</b>

## Appendix 3 – Savings Proposals Summary

The detailed savings for each directorate can be seen below, and are followed by the Efficiency Review areas that are being progressed.

Reference	Department	Saving Title	Saving Description	Saving 2023/24	Saving 2024/25	Saving 2025/26
Current	Property	Office Supplies	Saving in Office Equipment, Printing and Catering Supplies based on current usage levels.	17	17	17
Fin3P	Finance	Efficiencies	There are two projects underway to replace the LFC's HR and Payroll System and also the Finance System. It is 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.	0	40	80
Fin 1C	Finance	MFB Act Income	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, Covid19 and the current economic situation with uncertainty leading to possible change in building projects and costs including that people may leave the London property market or choose not to insure which could lead to a potential reduction in MFB income. Increasing premium costs may have an impact on insurance business with people choosing not to insure, or taking more risk to reduce the cost of insurance premiums.	500	1031	1562
ICT - S15C	ICT	Staffing	HR Replacement Project Manager.	70	0	0
ICT - S06P	ICT	Data Platform	Elimination of the budget to support the development of the Data Platform established as part of the overall Business Intelligence solution project.	180	180	180
ICT - S10P	ICT	Incident Command Operating System	Incident command operating system annual support contract costs. This saving follows a successful tendering exercise, which resulted in increased costs at the start of the contract then ongoing savings in subsequent years.	125	135	135
ICT - S11P	ICT	Staffing	Deletion of temporary posts within Business Intelligence ;FRS E x 1, FRS D x 4, FRS C x 1	299	299	299
ICT - S15P	ICT	Staffing	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.	70	70	70

## Appendix 3 – Savings Proposals Summary

Reference	Department	Saving Title	Saving Description	Saving 2023/24	Saving 2024/25	Saving 2025/26
ICT - S16P	ICT	Finance System Replacement	This is entered as a marker for the changes expected to arise from the project along with the full examination of the options for collaboration with partners.	0	113	113
5P	Procurement and Commercial	Main Contractors	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 ask the contractors to provide ideas where minor changes to the operating model could lead to additional savings. The savings proposed are 2.5% of the annual service charge. These targets could be flexed but it was felt this represent an achievable target without fundamentally changing the service provision.	0	292	292
11P	Procurement and Commercial	Insurance Claim Settlements	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	-150	-150
Proc1C	Procurement and Commercial	Personal Protective Equipment (PPE) Contract	2.5% saving from the Bristol Uniforms PPE contract. Contract Managers to write to the relevant contractor to establish efficiencies on under-used services which if removed can reduced the service charge by at least 2.5%	61	61	61
Proc2C	Procurement and Commercial	Scientific Services Contract	2.5% saving from the BV Scientific Services contract. Contract Managers to write to the relevant contractor to establish efficiencies on under used services which if removed can reduced the service charge by at least 2.5%	34	34	34
Proc5C	Procurement and Commercial	Undress Uniforms	Saving from allocating undress uniforms to Senior Officers only.	150	150	150
Proc3C	Procurement and Commercial	Lease Car Scheme	Replace the Lease car scheme with the Essential Car users Scheme	0	92	127
Proc4C	Procurement and Commercial	Water Team	Extend the Water Team Function to offer a hydrant inspection service to private landlords (new income source).	0	10	20

### Appendix 3 – Savings Proposals Summary

Reference	Department	Saving Title	Saving Description	Saving 2023/24	Saving 2024/25	Saving 2025/26
Proc6C	Procurement and Commercial	Accident Cost Recovery Income	Third Party Accident Cost Recovery (income)	0	40	40
Current	General Counsel	Grenfell Legal Team	Proposal to reduce the Grenfell Legal Team from April 2024.	0	189	189
<b>TOTAL</b>	<b>Corporate</b>			<b>1,356</b>	<b>2,603</b>	<b>3,219</b>
Current	Communications	Internal Communications	Remove Internal Communications Officer - FRS C	44	44	44
<b>TOTAL</b>	<b>Communications</b>			<b>44</b>	<b>44</b>	<b>44</b>
PS2P	People Services	Staffing	Unused hours 1xFRS B and 1xFRS C; remaining hours to be deducted 2023/24	54	54	54
PS3P	People Services	Recruitment Advertising	Saving on Budget for recruitment advertising	8	16	16
Current	People Services	Staffing	Reduction of 0.8 x FRS C Post.	18	18	18
Current	People Services	Cross Departmental Savings following People Restructure	This saving includes an additional £400k in 2026/27 for a total reduction of £1m. This updates the previous saving proposal of £300k in 2023/24 and £700k in 2024/25 included in the 2022/23 budget report.	0	300	600
LaPD1&2C	Learning and Professional Development	Miscellaneous	This reflects current expenditure levels.	2	2	2
LaPD3C	Learning and Professional Development	The Organisational Learning and Professional	The Organisational Learning and Professional Development Strategy was approved at Commissioner's Board in March 2022. The strategy referenced an existing growth fund of circa £1.3m, and explained that the transformation of the department and its activities - via implementation of the strategy - would be funded using this pot. Officers have now determined the	350	350	350

### Appendix 3 – Savings Proposals Summary

Reference	Department	Saving Title	Saving Description	Saving 2023/24	Saving 2024/25	Saving 2025/26
		Development Strategy	funding required to implement the strategy. This result in: a one-off £800k in-year saving in 2022/23 a permanent £350k saving with effect from 2023/24			
H&S 1P & H&S 1C	Health and Safety	Staffing	The Health and Safety department have introduced a new Safety Event Reporting Database (SERD). Following the full integration of the system, it is anticipated that further automation could be introduced and staff reductions made. This will be reviewed as the system is embedded.	67	67	67
<b>TOTAL</b>	<b>People Services</b>			<b>499</b>	<b>807</b>	<b>1,107</b>
OPA 2:1C, OPA 3:1C, OPA 3:2C, OPA 1C to 6C	Operational Policy	RPE Team	Planned removal of Respiratory Protection Equipment Team following completion of project. Previous savings proposal for 2023/34. Due to slippage of the project the anticipated saving can no longer be realised in 2023/24. It is now expected to be achieved in 2024/25.	0	355	355
LRG3P	London Resilience	London Situational Awareness System	Removal of the London Situational Awareness System, partnership based automated information collation tool. The potential for a change in delivery of the service to a Multi-Agency Information Cell as a result of the Civil Contingencies Act review and implementation of the National Resilience Strategy, placing a greater focus on the better use of data across agencies.	17	17	17
LRG4P	London Resilience	Recruitment Advertising	Removal of recruitment advertising budget with a move to online digital.	4	4	4
LRG5P	London Resilience	London Local Authority Coordination Centre	Phased removal of funding for FRS London Local Authority Coordination Centre (LLACC) volunteers over 2 years to create two year savings targets.	22	45	45
FS1	Fire Safety	Review of budgets across the dept	Reduction in core budgets in transport/travel following a post-Covid review.	166	176	176
FS2P	Fire Safety	Policy Teams Review	Reduce number of posts and core budgets once review complete.	23	23	23
FS11P	Fire Safety	Staffing	Delete the Apprentice posts (once returned to establishment).	0	121	121



### Appendix 3 – Savings Proposals Summary

Reference	Department	Saving Title	Saving Description	Saving 2023/24	Saving 2024/25	Saving 2025/26
FS15P	Fire Safety	Reduce Team Leader cadet down from 16 to 14 – delete 2 SC	Delivery - this is dependent on growth bid for Centre of Learning & Excellence being agreed.	172	172	172
FS16P	Fire Safety	Convert up to 3 SC TL posts to FRS E	Delivery - this is dependent on Officer Review.	0	90	90
<b>TOTAL</b>	<b>Operational Delivery</b>			<b>404</b>	<b>1,003</b>	<b>1,003</b>

## Appendix 3 – Savings Proposals Summary

### Efficiency Review – Saving Areas

The review, which was commissioned in response to the forecast budget deficit of £11m in 2023/24, was led by Assistant Director for Health and Safety. It included representatives from different departments and incorporated ideas for savings sent in from across the Brigade. The review team's brief was to identify opportunities for savings without reducing firefighters, appliances or stations. Savings have also been identified through the annual budgeting process.

A report presenting the outcome of the Efficiencies Review was presented to the Investment and Finance board on the 22 July 2022. The report provided a summary of ideas for efficiencies for the short, medium and longer term, including savings proposals, submitted to the Efficiencies Review team through staff and stakeholders.

#### Current areas of focus linked to the Efficiency Review

##### Review of Pre-Arranged Overtime (PAO) and standby Moves (reducing unbudgeted pressures)

The Brigade uses a significant amount of PAO and standby moves which comes at significant unbudgeted cost; the Efficiency Review team reported that the cost of PAO is approximately £9 million p.a. and standby moves approximately £3 million p.a. (there were approximately 80,000 standbys in 2021/22). This is the single overspending risk in the LFB's budget. Outside the financial costs, the use of PAO and standby moves cause additional problems for the Brigade that impact efficiency and wellbeing. The Efficiency Review identified a number of causes and areas to explore (including financial controls and predictive modelling, skills, training and workforce planning).

Action is being taken to address the underlying issues through an "Additional Staffing Costs" workstream led by an Assistant Commissioner, including representation from Operations, Finance and People Services, with regular reporting to the Commissioner. An action plan (including estimated reductions in spend) has been developed and the next step is for a formal LFC decision paper, for consultation with the Deputy Mayor.

##### Changes to Operational Support Units (OSUs)

The OSU function provides a range of resources to incident commanders, as well as ad hoc logistical support. Additional drinking water supplies are the main resources required by an OSU mobilisation Detailed proposals are being worked up to reduce the number of vehicles and the locations from

## Appendix 3 – Savings Proposals Summary

which they are deployed, which would allow the number of drivers required to support OSUs to be reduced from 48 to 24. Adopting an entirely FRS staffing model for the OSUs would allow the deployment of firefighters back to fire station roles. A combination of these measures could save around £1.5 million p.a. (on the basis that the firefighters, rather than their posts, are transferred into stations/operations). We would also expect this to provide operational benefits given the shortage of driving skills in operations (and also reducing some Pre-Arranged Overtime).

### Review of FRS vacancies

All Directors have been contacted regarding FRS vacancies to see whether posts that have not been backfilled by an agency can be deleted. The initial feedback from this exercise was that the posts are associated with activities that are still required and there are various reasons as to why posts have remained vacant (and in the area of Fire Safety, the posts are funded from Home Office Protection Grant). Based on discussions with the Commissioner, the Directors of People and Corporate Services propose recruitment controls going forward for FRS vacancies as a means of overall FRS headcount control and greater challenge on making better use of existing team resources.

### Cost avoidance

Property/Technical Support Services have taken steps to limit cost increases in areas facing substantial inflationary pressures, notably energy (by reducing usage, generating renewable energy and fixing contract prices to end of this financial year). Looking ahead, there is an opportunity to join a Power Purchasing Agreement led by TfL as and when this is ready.

### Review of COVID cleaning

Property are implementing changes regarding infection control cleaning. This will free up an element of earmarked reserve funding and introduce a reduced ongoing budget pressure (£383k p.a. compared to £2m during peak of COVID).

### Mobilisations / Activity

Responsible officers have been contacted regarding the review of mobilization to certain incidents, including Automatic Fire Alarms (AFAs). In the LFB response to the recent HMICFRS report, we committed to "Deliver new AFA strategy and policy for attendance that will significantly reduce the unnecessary LFB attendance at some classes of AFA in line with national best practice". A paper setting out proposed reforms is going through governance processes. If approved, it would lead to substantial reductions in unnecessary mobilisations each year, freeing up firefighter's time for more productive activities (as well as cutting travel costs and putting downward pressure on PAO and standby moves).

### Undress uniform

Date

## Appendix 3 – Savings Proposals Summary

A paper on revised proposals for undress uniform has been approved through LFB governance, this is expected to result in annual savings of £150k p.a. from 2023/24.

### Leased cars

Explore alternative provision for officer cars; the current car lease scheme may be more expensive than providing cars through an Essential Car Users scheme. If phased in over time, savings from 2024/25 of £92k p.a. increasing to £127k p.a. from 2025/26.

### Scientific Services contract – reviewing requirements

This will also include a review of the purchase of lightweight portable pumps.

### Inventory management

Current systems lead to difficulties in tracking and tracing assets that require maintenance. Changes could make maintenance process more efficient, repatriation of equipment post incident will require less down time, there would be reductions in the number of reserves required to be held. Property & TSS are developing an invest to save business case using the new template developed by Portfolio team, savings tbc.

### Income generation

Budget proposals (for 2024/25 onwards) include hydrant inspections for private landlords and third party accident cost recovery. Consideration is also being given to income generation from training activities that aren't outsourced.

### Union Street lease expiry /future HQ

Property team are exploring options for LFB post the expiry of the Union St lease in early 2027. There is potential for significant reductions in the current £4m annual lease costs from 2027, for example if we were to develop and utilise one of our existing freehold properties (which would require some upfront capital investment).

### Control staff overtime

Alongside the proposed Control Improvement Plan (which requires investment), there is an opportunity to review and reduce the use of staff overtime (which in 2021/22 was £6760k compared to the budgeted £334k).

## Appendix 3 – Savings Proposals Summary

### Home Fire Safety Visit (HFSV) strategy proposals

There is an opportunity to improve risk-based effectiveness and efficiency through proposals which are currently going through governance, for example by enhancing online and telephone HFSVs, and a move away from providing in-person HFSVs for low-risk individuals.

### Longer term (linked to CRMP)

Longer term, staff have also asked us to explore different shift patterns, to see if there are efficiencies and improvements to be made. There is also the opportunity to revisit incident command / senior officers. These will require further planning, and some will require consultation with staff and unions before they can be implemented.

## Appendix 4 – Investment Proposals Summary

The table below presents a summary of the investment proposals by directorate.

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Commissioner & Directors	255	255	255
Corporate Services	1,326	1,311	1,311
Communications	546	546	546
People Services	842	653	583
Operational Delivery	1,057	1,057	1,057
Transformation	0	0	0
<b>Total</b>	<b>4,026</b>	<b>3,822</b>	<b>3,752</b>

The detailed investments for each directorate can be seen below;

## Appendix 4 – Investment Proposals Summary

Ref	Department	Investment Title	Investment Description	Investment 2023/24	Investment 2024/25	Investment 2025/26
LFC – 0738 (section 5.1)C	Commissioners Secretariat	Reintroduction of a second Operational Director post	Re-introduction of one additional Deputy Commissioner role at an additional cost to the LFC of £240,000 including employer on-costs and sets out the responsibilities that will sit under the posts. This will ensure the LFC is equipped with the necessary capacity and capability within the Executive Team to deliver the scale of transformation required including the commitments set out in the Brigade's Community Risk Management Plan.	240	240	240
LPB	Commissioners Secretariat	Local Pensions Board	Establish an Independent Chair for the Local Pensions Board.	15	15	15
<b>TOTAL</b>	<b>Commissioners Secretariat</b>			<b>255</b>	<b>255</b>	<b>255</b>
Current	Finance	Training	Temporary funding for staff training.	15	0	0
Current	General Counsel	Supplies	To increase Legal Professional Fees Budget to meet inflationary costs of external legal advice.	25	25	25
Current	General Counsel	Supplies	The proposal is to create a budget for the external management of the LFC Whistleblowing arrangements.	6	6	6
ICT001C	ICT	Supplies	The proposal is to extend the coverage of the Cyber defence system to cover the M365 environment.	40	40	40
Previous	ICT	Data Platform	The aim of the project is to provide the capability to transform reporting from being a system-centric, department siloed, individual requirement driven,	281	281	281

## Appendix 4 – Investment Proposals Summary

Ref	Department	Investment Title	Investment Description	Investment 2023/24	Investment 2024/25	Investment 2025/26
			transactional level effort into an enterprise-wide , event focused approach, with the data organised for improved analysis and decision making. This allows a high degree of reuse, is scalable, extendable, repeatable and future proofed. Supports CRMP aim of using data-driven insights to create an evidence base for action, and collective understanding of value and outcomes.			
Previous	ICT	Protection against a denial of service attack	Protection against a denial of service attack - Azure Services	30	30	30
Previous	ICT	Business Intelligence Solution	<p>This will establish capacity within Information Management to deliver a "BI (Business Intelligence) 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.</p> <p>The growth bid is to make permanent the following which were funded on a temporary basis:            1 x FRSE BI Relationship Manger            2 x FRSD Data Analysts</p>	157	157	157



## Appendix 4 – Investment Proposals Summary

Ref	Department	Investment Title	Investment Description	Investment 2023/24	Investment 2024/25	Investment 2025/26
Previous	ICT	Improving the use of location related data	<p>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>	143	143	143
Proc3C	Procurement and Commercial	Provision of PPE at Real Fire Training Venues	<p>The provision of PPE at training locations will reduce the manual handling and transport difficulties currently experienced by LFB personnel attending these venues. It will also assist the LFB in their commitment to supporting the health and safety of their personnel and their wellbeing. The current arrangements do not allow for the safe transportation of this equipment and as a result, the requisite PPE is not always available, and the course cannot be completed.</p>	247	247	247
Current	Property	Enhanced cleaning proposals	<p>Permanent variation to soft Facilities Management contract to include for enhanced cleaning to protect against viruses. This will involve the inclusion of six monthly applications of an approved cleaning product to all high touch services to provide long term protection from viruses.</p>	329	329	329
Current	Property	Enhanced cleaning	<p>Permanent variation to PFI contract to include for enhanced cleaning to protect against viruses. This will involve the inclusion of six monthly applications of an</p>	53	53	53

## Appendix 4 – Investment Proposals Summary

Ref	Department	Investment Title	Investment Description	Investment 2023/24	Investment 2024/25	Investment 2025/26
		proposals - PFI stations	approved cleaning product to all high touch services to provide long term protection from viruses.			
<b>TOTAL</b>	<b>Corporate Services</b>			<b>1,326</b>	<b>1,311</b>	<b>1,311</b>
	Communications	Department Restructure	<p>The successful delivery of Your London Fire Brigade – our Community Risk Management Plan – is risk critical to the Brigade's future and ensuring it is trusted to serve and protect London.</p> <p>Crucial to that delivery is a high performing and strategic communications function that can deliver integrated communications campaigns which are fully aligned to Your London Fire Brigade, with the voice of the community at its heart.</p> <p>Until recently communications have not been a standalone Directorate and it is only in the last year the role of Director of Communications was created and permanent Director has just been appointed.</p> <p>At present the Communications Directorate is not set up in the most effective way or making the best use of its resources. The department also carries a risk that is not have sufficient resource to meet the Brigade's communication demands</p> <p>Work is not currently aligned with Your London Fire Brigade and the role of communications in delivering the plan is not properly understood or planned. There is no strategic function, so channels are managed but not the issues, which creates risks for the Brigade.</p>	281	281	281

## Appendix 4 – Investment Proposals Summary

Ref	Department	Investment Title	Investment Description	Investment 2023/24	Investment 2024/25	Investment 2025/26
	Communications	Community Engagement	Establishment of a Community Engagement Team and a programme of engagement activities directly with identified vulnerable, seldom heard or hard to reach communities to increase understanding of our services and how we can work with them. The continued roll out and development of the Community Forums. A series of focus groups and polling to understand community views on a range of issues including , building safety and regulation, fire safety, incident response and recovery. Establishing a programme of dedicated support to communities in the aftermath of an incident.	265	265	265
<b>TOTAL</b>	<b>Communications</b>			<b>546</b>	<b>546</b>	<b>546</b>
LaPD-PDR	Learning and Professional Development	Removal of PDR	Remove electronic Performance Development Reviews and focus entirely on the apprenticeship programme for achieving competence as a firefighter. This will enable a range of benefits including allowing for a more effective and efficient development. This cost primarily relates to Station and Group Commanders.	468	179	172
Current	People Services	Occupational Health	Enables LFC to meet terms of existing OHU contract and meets the costs of the new contract	412	412	412
Current	People Services	Staffing	Removal of temporary staffing investment in prior years to help implement new HR system	-38	-38	-101
Current	People Services	Leadership Programme	To increase the funds available for leadership programmes for middle and executive leaders. We have funding for middle leadership programme secured for	0	100	100

## Appendix 4 – Investment Proposals Summary

Ref	Department	Investment Title	Investment Description	Investment 2023/24	Investment 2024/25	Investment 2025/26
			three years (pending approval), but are reliant on general development funds for executive leadership programmes. Subject to business case.			
<b>TOTAL</b>	<b>People Services</b>			<b>842</b>	<b>653</b>	<b>583</b>
Previous	Fire Safety	Building Design & Consultation Hub	Permanently establish Building Design & Consultation Hub	126	126	126
Previous	Fire Safety	Centre of Learning & Excellence	Permanently establish Centre of Learning & Excellence	56	56	56
Current	Operational Resilience	Ballistic Protection	The increase is due to increased costs of ballistic protection. This will be reported back to FRB due to it being an unforeseen cost. We are waiting on the ballistic protection national framework which is being revised and will be available to order against in January 2023. This is a one-off growth as it is the initial roll out of MTA as detailed in the previous FRB report.	146	146	146
Current	Operational Resilience	Control Staff Shift System	This will change the shift system following the previous review and change in 2010 that saw the introduction of a 6 watch system which does not support the training requirement need for staff or deliver resilience in the control room after 20:00.	350	350	350

## Appendix 4 – Investment Proposals Summary

Ref	Department	Investment Title	Investment Description	Investment 2023/24	Investment 2024/25	Investment 2025/26
Current	Operational Resilience	Operational Contingency Arrangements Contract	Uplift in the new Operational Contingency Arrangements Contract arising from scope changes	379	379	379
<b>TOTAL</b>	<b>Operational Delivery</b>			<b>1,057</b>	<b>1,057</b>	<b>1,057</b>

# LFC Capital Strategy 2023/24 and beyond

### Description

1. Capital is defined as all expenditure not directly included in the annual revenue budget (General Fund) and generally results in a new or enhanced asset or investment held on London Fire Commissioner's (LFC) balance sheet.
2. All capital expenditure must comply with the Capital Strategy. The Capital Strategy brings together detailed policies, procedures and plans relating to existing land and building related assets and treasury management transactions and applies to the General Fund
3. The Capital Strategy forms an essential part of the LFC's integrated revenue, capital, and balance sheet planning. It aligns to the Medium-Term Financial Plan (MTFP), and the Annual Revenue Budget.
4. The Capital Strategy also provides a framework by which capital expenditure decisions are made as required by the CIPFA Prudential Code for Capital Finance in Local Authorities and LFC to provide good governance.
5. It should also be noted that whilst this is a capital strategy it also applies to all expenditure of a revenue nature relating to land and buildings, such as asset maintenance and planned asset development programmes where significant revenue expenditure is incurred in the revenue budgets.

### Introduction

6. 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. The LFC is developing a Community Risk Management Plan (CRMP) and Target Operating Model (TOM) to be in place from 2023/24 as 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 the capital expenditure and capital financing contribute to delivery of services and its purpose as an organisation trusted to serve and protect London, and delivery of the Mayor's priorities.
7. The LFC Capital Strategy and capital programme covers a more detailed outlook is set over a five-year timeframe. The Strategy does however include a longer-term vision, a forward look at those projects that are likely to run beyond the five-year strategy and programme period or be initiated subsequently. This covers a timeframe for the 15 years from 2027/28 to 2041/42. The format of the Capital Strategy reflects the latest Prudential

## Appendix 5 – Capital Strategy

and Treasury Management Codes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

8. 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:
  - a. Capital Expenditure and Investment Plans;
  - b. Prudential Indicators;
  - c. External Debt; and
  - d. Treasury Management.
9. The Capital Strategy addresses the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, which sets out a requirement for local authorities to produce a Capital Strategy to form part of its integrated revenue, capital and balance sheet planning. The Capital Strategy is updated annually to react to the changing LFC priorities, social and demographic changes and the financial climate.
10. 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 final Capital Strategy is approved by the LFC in March 2023. This is an annual requirement, and the Capital Strategy will be published in draft as part of the budget submission to the Mayor in November, and as a final Capital Strategy following approval by the LFC in March 2023.

### Benefits

11. 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.
12. The key benefits of the Capital Strategy are to deliver a capital programme that;
  - a. ensures the LFC's capital assets are used to support the delivery of services according to the priorities within the London Safety Plan and the Transformation Delivery Plan;
  - b. links to the LFC's Asset Management Plan and other LFC Strategies/Plans, such as the sustainability strategy;
  - c. is affordable, financially prudent and sustainable;
  - d. ensures the most cost effective use is made of the existing assets and new capital expenditure; and
  - e. supports delivery of the Mayoral policies and objectives.

### Approach

13. The Transformation Delivery Plan sets out the LFC's vision that "We will be a dynamic, forward-looking organisation of fully engaged people at the centre of the communities we serve, adapting to the changing needs of London".

Date

## Appendix 5 – Capital Strategy

14. The Strategy has been derived largely from the Asset Management Plan, the ICT Strategy, the Fleet Replacement Plan, the Sustainability Strategy and the Treasury Management Strategy. 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 2023/24. It will also support addressing the recommendations from the Grenfell Tower Inquiry and the HM Inspectorate of Constabulary and Fire & Rescue Services.
15. The Asset Management Plan seeks to align the asset portfolio to best support service delivery by the Brigade. It reflects the requirements of the Transformation Delivery Plan, the London Safety Plan, the review undertaken by Anthony Mayer into the Brigade's resources, the terror preparedness review undertaken by Lord Harris, the LFC's inclusion strategy and the Mayor's Homes for Londoners agenda. A condition survey has been undertaken for all LFC properties, and the current condition and functional suitability of the property has been assessed against the LFC's requirements for a modern fire service.
16. The ICT Strategy seeks to ensure that the technologies available to the Brigade, via a range of ICT solutions, are fit for purpose, affordable and sustainable, that they are responsive to business need and valued by staff and stakeholders, and are delivered in a cost effective and efficient way, including collaboratively where appropriate.
17. The Fleet Replacement Plan will meet the Brigade's fleet requirements over the coming years and address the fleet commitments made under the Mayor's London Environment Strategy (LES). This requires LFC to achieve the following targets:
  - a. all cars in support fleets to be zero emission capable by 2025;
  - b. all new cars and vans (less than 3.5 tonnes), including response vehicles, being zero emission capable from 2025;
  - c. all heavy vehicles (greater than 3.5 tonnes) to be fossil fuel- free from 2030; and
  - d. zero emission fleet by 2050.
18. 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.
19. 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).



## Appendix 5 – Capital Strategy

### Influences

20. 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

21. 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.

## Appendix 5 – Capital Strategy

- 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

22. 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 2023/24.
23. The LFC capital spending plans for the five years to 2026/27 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.

## Appendix 5 – Capital Strategy

**Table 1: Capital budgets and financing 2022/23 to 2026/27**

Project	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m
<b>Capital Schemes</b>						
Properties	10.3	18.4	14.3	35.0	15.7	93.7
Fleet Replacement Plan	8.1	6.4	2.9	4.1	2.8	24.3
ICT Projects	4.6	11.3	11.5	3.4	3.2	34.0
Communications Project	0.0	2.3	0.0	0.0	0.0	2.3
Ops Policy Equipment	0.2	8.1	0.0	0.0	0.0	8.3
<b>Total Expenditure</b>	<b>23.2</b>	<b>46.5</b>	<b>28.7</b>	<b>42.5</b>	<b>21.7</b>	<b>162.6</b>
Capital Receipts	0.0	0.0	12.3	0.0	0.0	12.3
Capital Grants	0.0	0.0	0.0	0.0	0.0	0.0
External Borrowing	23.2	46.5	16.4	42.5	21.7	150.3
<b>Total Financing</b>	<b>23.2</b>	<b>46.5</b>	<b>28.7</b>	<b>42.5</b>	<b>21.7</b>	<b>162.6</b>

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

In the medium term the total capital plan is £162.6m of which £12.3m of the plan is funded by the use of Capital Receipts (8AE less capital receipts re-payable) and the remaining balance is expected to be funded by £150.3 of external funding. The borrowing costs (MRP & Interest Charges) will be £11.7m for 23/24 (£11.7m in 22/23) and increasing in the following years to £17.3m in 24/25 and £18.8m in 25/26 and this is reflected in the revenue budget. As set out in the treasury management report LFC internally borrow a significant amount of funding which reduces the charge to revenue. However, there is a requirement in accordance to the Prudential code for LFB to set aside sufficient funds to fund the Capital Programme should the need arise.

25. Within the Interest charges, this is calculated on the basis of the current cost of PWLB loan interest which stands at 4.31% (5 year re-payment on maturity loan, also assuming

## Appendix 5 – Capital Strategy

the certainty discount rate applies). From 2027/28 onwards the interest rate assumptions are of a borrowing rate of 2.5%.

26. A further 15 years, from 2027/28 to 2041/2042, to complete the 20 year capital ambition has been prepared on the basis of maintaining the asset base at its current level, with updates/replacements as necessary. The further element has some funding identified, however there is a funding gap to be addressed. The element of the capital spending plans is set out in the table 2 below and is inclusive of 3% per annum inflationary cost pressures.

**Table 2: Capital Ambition 2027/28 to 2041/42 and Ambition Gap**

Project	Years 2027/2032	Years 2032/2037	Years 2037/2042
	£m	£m	£m
<b>Capital Schemes</b>			
Properties	65.7	76.3	86.8
Fleet Replacement Plan	77.1	65.0	9.2
ICT Projects	17.7	59.0	21.1
Communications Project	0.0	0.0	0.0
Operational Policy Equipment	19.1	0.0	6.7
<b>Total Capital Expenditure</b>	<b>179.6</b>	<b>200.3</b>	<b>123.8</b>
<b>Capital Financing</b>			
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	179.6	200.3	123.8
<b>Total Capital Financing</b>	<b>179.6</b>	<b>200.3</b>	<b>123.8</b>

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

## Appendix 5 – Capital Strategy

28. 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.
29. Government advocates a 'cloud first' approach when considering options for new ICT systems and infrastructure improvements. With this the funding model shifts from capital to revenue based expenditure, which presents challenges to LFC, due to the increasing pressure on revenue funding and budgets. At present the ICT Strategy does not plan a radical change to the ICT infrastructure in the short term as this would consume significant resources and generate risk in the transitional phase. Instead, a 'cloud' based approach to new systems will be adopted as and when current systems are being replaced which would allow the Brigade to explore new ways for ICT delivery, whilst minimising risk and disruption.

### Available Capital Funding

30. 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.
31.
  - 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.

32. The LFC's level of borrowing is forecast to increase as the availability of capital receipts come to an end, and expenditure increases, such as on fleet with the LFC now owning its fire appliances, etc., resulting in additional revenue costs through MRP and the interest charged on outstanding loans. It is expected that the Capital Strategy will be entirely reliant on borrowing over the medium term, depending on the timing of the remaining capital receipts, with the additional capital financing costs adding to the pressure on the revenue budget

33. 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. 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 2027/28 to 2041/42**

Future Years	Capital Expenditure £m	Financed from external borrowing £m	Debt Charges* £m	Budget £m	Budget Pressure £m
2027/28	16.3	16.3	23.4	12.4	11.0
2028/29	31.5	31.5	23.9	12.8	11.1
2029/30	41.5	41.5	24.6	13.1	11.5
2030/31	42.8	42.8	26.4	13.5	12.9
2031/32	47.4	47.4	31.3	14.0	17.3
2032/33	25.2	25.2	35.0	14.4	20.6
2033/34	63.6	63.6	36.0	14.8	17.2
2034/35	45.8	45.8	39.8	15.2	24.6
2035/36	37.0	37.0	43.5	15.7	27.8
2036/37	28.5	28.5	42.9	16.2	26.7
2037/38	23.5	23.5	45.0	16.7	28.3
2038/39	29.5	29.5	45.5	17.2	28.3
2039/40	23.6	23.6	40.1	17.7	22.5
2040/41	23.6	23.6	43.2	18.2	25.0
2041/42	23.6	23.6	36.3	18.7	17.6

(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)

34. Based on current estimates, the level of debt charges is expected to steadily increase over the period, resulting in a substantial increase in debt charges peaking at £45.5m by 2038/39 before starting to fall. Under current assumptions this would result in the need to increase the capital charges budget by an average of £20m, which would need to be funded by matching savings.
35. The projected budget pressure, of an average of £20m, is based on current capital spend projections which is based on inflation at 3.0% per annum and the current capital plan assumptions of total expenditure and the expectation of no capital receipts after the sale of 8AE in 2024/25. This figure will change with the following risk items.
- The level and timing of capital receipts.
  - The potential of future interest rate rises.
  - The availability of resources to deliver the capital programme.

## Appendix 5 – Capital Strategy

36. The level of capital spend is largely driven by the need to maintain and replace the fleet, fire stations and ICT that support the current level of service delivery and front-line response. It is therefore difficult to reduce spend without changes to front line service delivery.

### Options to bridge funding gap

37. The LFC will need to consider options on how to bridge the funding gap and ensure that future years capital expenditure is affordable, as part of the development of the next London Safety Plan (CRMP) from 2023/24. 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

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

**Table 4: External Debt**

As 31 March	2023	2024	2025	2026	2027	2032	2037	2042
	£m	£m	£m	£m	£m	£m	£m	£m
PWLB Loans	48.7	46.7	43.2	38.2	23.5	23.5	23.5	14.5

39. Interest charges will be based on forecast PWLB interest rates. Obviously, the effects of the pandemic could change these rates significantly as well as the cost to replace of the LFC fleet.

40. Table 5 below sets out the prudential limits for 2022/23 to 2026/27

**Table 5: Prudential Limits**

Approved Borrowing Levels £m	2022/23	2023/24	2024/25	2025/26	2026/27
Operational Boundary	240.0	240.0	240.0	240.0	240.0
Authorised Boundary	245.0	245.0	245.0	245.0	245.0

### Other Long Term Liabilities

Date



## Appendix 5 – Capital Strategy

41. LFC has other long term liabilities which include PFI contracts for fire stations (until 2040/41) and a finance lease for the Merton Control centre (Until 2034/25) . The current and forecast outstanding long term liabilities are as follows.

**Table 6: Other Long Term Liabilities**

As 31 March	2023	2024	2025	2026	2027	2032	2037	2042
	£m	£m	£m	£m	£m	£m	£m	£m
PFI	41.5	39.9	38.3	36.7	35.1	26.4	13.60	0.0
Finance Lease	18.4	18.4	18.4	18.3	17.3	9.4	0.0	0.0
<b>Total</b>	<b>59.9</b>	<b>58.3</b>	<b>56.7</b>	<b>55.0</b>	<b>52.4</b>	<b>35.8</b>	<b>13.6</b>	<b>0.0</b>

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

42. 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.
43. The above table does not take into account the effects of implementing the new accounting standard IFRS16, where all leases/contracts that conveys the right to use an asset will be brought onto the balance sheet and long term liabilities will be created for the future rentals under these leases. The new accounting standard has been delayed but is still likely to come into effect from 1<sup>st</sup> April 2024. The Capital Strategy will be updated once the impact of the new accounting requirements has been assessed.

### Risk

44. 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.

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## Appendix 5 – Capital Strategy

- 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.

45. The risks are being managed by as follows.

- Maximising, where possible, the redevelopment of existing sites through developers to reduce capital borrowing and to realise any potential capital receipts released through latent estate value.
- Investing in invest to save projects where the outcome of these projects will result in revenue savings to LFC.
- Ensuring the capital governance framework, including regular monitoring and review of the capital programme, is in place.
- Ensuring that all planning applications consider all relevant local/Mayoral planning and listed building requirements. Pre-discuss all planning applications prior to submission with the local planning officers to mitigate against planning refusals and completing public consultation in good time for those development projects that affect the public.
- Re-allocating key resources to development projects as required to meet the capital programme.
- Promoting collaboration with other emergency services and the GLA Group.
- Limit the risk of contract failure by effectively managing contracts and learning from past lessons in project delivery.
- The ability to flex the capital programme and re-phase capital expenditure so as not to result in additional external borrowing and the resulting increase in debt charges.

### Appraisal - Governance and Monitoring

46. An important part of the governance arrangements is the frequent monitoring of the agreed capital programme. The capital programme is reviewed regularly with budget holders and reported on a quarterly to senior management. The capital monitoring is reported alongside revenue monitoring in the quarterly financial position report, which is reported to the 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).

## Appendix 5 – Capital Strategy

47. 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.
48. 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.
49. The Capital Programme is approved by the London Fire Commissioner before submission to the Mayor as part of the annual budget submission.
50. 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
  - supports the Mayor of London in meeting the approved objectives and strategic plans.
51. 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

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

## Appendix 6 – Reserves 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:
  - *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

## Appendix 6 – Reserves Strategy

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 re-tendered, 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 Covid-19 pandemic. The LFC received Covid funding totalling £1.8m from the GLA and £5.5m from the Home Office.

### **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 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.

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## Appendix 6 – Reserves Strategy

17. Under its Reserve Policy the LFC has set its level for the General Reserve at 3.5% of net revenue budget.
18. 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, 2023/24, 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, of which there are currently 12) were to crystallise and these are set out in the table below.

Risk ID	Strategic Risks	Type of demand	Potential Amount £m
CS1	Budget cut	Drawing to save initiative	5.0
CS2	Inflation	Already considered as part of MTFS updates.	0.0
TD4 / CM8	Failure to deliver TDP	Drawing to deliver action	1.0
OD1	Built environment challenges	Drawing to purchase emergency provision	2.0
OP7	Incident command failure	Drawing to purchase emergency provision	2.0
People 1	Trainees at risk	Drawing to implement new support mechanism	2.0
People 2	Lack of training assurance	Drawing to purchase new system/evaluation methodology	2.0
People 3	Culture	Drawing to save initiative	1.0
PS13 / PS16	Workforce planning	Drawing for an emergency recruitment round	2.0
ORC14	Industrial Action	Net nil financial impact (Pay awards in MTFS assumptions)	0.0
	<b>Total</b>		<b>17.0</b>

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## Appendix 6 – Reserves Strategy

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 minimum general reserve level of 3.5% (£16.8m) 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 (2023-2026)

	Anticipated Balance at 01/04/23	Use of Reserves in 2023/24	Use of Reserves in 2024/25	Use of Reserves in 2025/26	Anticipated Balance at 31/03/26
	£m	£m	£m	£m	£m
Capital Expenditure Reserve	7.0	-7.0	0.0	0.0	0.0
Grenfell Infrastructure Reserve	0.6	-0.6	0.0	0.0	0.0
Compensation	1.0	0.0	0.0	0.0	1.0
Pensions Earmarked Reserve	0.7	0.0	0.0	0.0	0.7
Emergency Medical Response	0.3	0.0	0.0	0.0	0.3
Emergency Services Mobile Communication Programme	0.9	0.0	0.0	0.0	0.9
Fire Safety and Youth Engagement	4.6	-2.1	-2.1	0.0	0.4
Transformation Delivery Plan	2.6	-1.0	-1.0	-0.6	0.0
Community Risk Management Plan	1.9	-1.0	-0.5	-0.4	0.0
In Year Savings Reserve	2.0	-2.0	0.0	0.0	0.0
Hydrants	0.1	-0.1	0.0	0.0	0.0
ICT Development Reserve	1.1	-0.2	0.0	0.0	0.9
LFC Control Centre	0.7	0.0	0.0	0.0	0.7
LFC Museum Project	0.2	-0.1	0.0	0.0	0.1
London Resilience	0.8	-0.8	0.0	0.0	0.0
Organisational Reviews	0.1	0.0	0.0	0.0	0.1
Sustainability	0.2	0.0	0.0	0.0	0.2
Vehicle & Equipment Reserve	2.2	-1.3	0.0	0.0	0.9
Leadership Reserve	0.3	0.0	0.0	0.0	0.3
Budget Flexibility	17.1	-4.0	-0.7	5.0	17.4
General	16.2	0.0	0.0	0.0	16.2
<b>Total</b>	<b>60.6</b>	<b>-20.2</b>	<b>-4.3</b>	<b>4.0</b>	<b>40.1</b>

#### 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 a minimum of 3.5% considered above.

#### Budget Flexibility Reserve

28. The Budget Flexibility Reserve was originally set up as part of the 2017/18 budget process, to provide balances to support budget uncertainty in future years. The reserve 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

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## Appendix 6 – Reserves Strategy

uncertainty in the current funding, as set out in the Mayor's Budget Guidance 2023/24, as well as supporting the LFC as it continues its transformation, including the Community Risk Management Plan and Target Operating Model from 2023/24. The anticipated balance as at the end of the 2022/23 financial year includes a transfer to the general reserve to maintain it at the minimum level, following the forecast overspend in that year.

### Transformation and CRMP Reserve

29. Throughout the delivery of the CRMP, there is the potential for unbudgeted risks to occur as the specifics of each project are better understood. Therefore the indicative profiled use of these reserves (Annex A) throughout the MTFs are expected, resulting in a nil balance on both of these reserves by the end of the 2025/26 budget period.

### Other Earmarked Reserves

30. 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.
31. 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.
32. The Emergency Services Mobile Communications Programme (ESMCP) is a cross-government, multi-agency programme that will deliver a new communication system to the emergency services and other public safety users throughout Great Britain. This system will be called the Emergency Services Network (ESN) and it will provide integrated critical voice and broadband data services. Central Government has committed to provide grants to cover the reasonable cost of transition from the current Airwave service to ESN. However, the full financial implications of implementation of the network are not yet known. The reserve is maintained as part of managing the grant funding and transition to ESN.
33. 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.
34. 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.
35. 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 remaining balance on this reserve will be reviewed as part of the approval of the Community Risk Management Plan from 2022/23.

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## Appendix 6 – Reserves Strategy

36. 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.
37. 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.
38. 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.
39. 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.
40. 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.
41. 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.
42. The sustainability reserve was set up to deliver the LFC's programme of investment in enhanced energy efficiency and renewable technologies.
43. 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.
44. 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.
45. 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 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

46. 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.



LONDON FIRE BRIGADE

## Equality Impact Assessment (EIA) Form

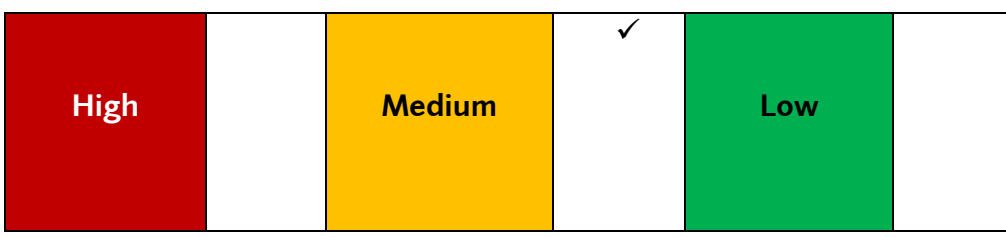
The **purpose** of an EIA is to give **as much information as possible** about potential equality impacts, to demonstrate we meet our **legal duties** under the Equality Act 2010.

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.

<b>1. What is the name of the policy, project, decision or activity?</b>
London Fire Brigade Budget Submission 2022/23

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



<b>2. Contact details</b>	
Name of EIA author	Tiffany Oarton
Department and Team	Belonging, Inclusion and Wellbeing Team
Date of EIA	22 Oct 2022



3. Aim and Purpose	
What is the aim and purpose of the policy, project, decision or activity?	The budget proposal 2022/23 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?	Consultation will be ongoing with RBs, ESGs and Belonging, Inclusion and Wellbeing team. Plus individual discussions with staff members who are affected by post-deletions will be had.

## 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.**

Protected Characteristic	Impact: positive, neutral or adverse	Reason for the impact
<p><i>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.</i></p> <p><i>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.</i></p> <p><i>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.</i></p>		



LONDON FIRE BRIGADE

*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:*

- *Eliminate discrimination, harassment and victimisation and other prohibited conduct.*
- *Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.*
- *Foster good relations between people who share a relevant protected characteristic and persons who do not share it.*

*Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:*

- *remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;*
- *take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;*



- *encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.*

*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.*

*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.*





*In October 2022, 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:*

- consider this budget guidance you being made aware of your duty to have due regard*
- you must show due regard before and at the time a decision is taken and when it is under consideration;*



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- *you cannot satisfy the duty by justifying a decision after it has been taken;*
- *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;*
- *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;*
- *the duty is a continuing one – it doesn't go away at the point you make a decision;*
- *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;*
- *the duty is upon the decision maker personally - what matters is what you take into account and what you know; and,*
- *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."*



*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.*



*In addition, Heads of Service were reminded of the Mayor's Budget Guidance provided the following guidance in relation to equality impacts, at 7.5, 7.6 and 7.8:*

*7.5 In preparing their budgets to support London's recovery all members of the GLA Group must demonstrate how their plans will:*

- address inequalities identified in these strategies and/or support the actions in the Building A Fairer City plan*
- impact on different groups of Londoners; this includes those sharing characteristics protected by the Equality Act 2010 and low-income Londoners*
- strengthen activities to further address structural inequalities and social integration in London – particularly poverty and economic inequality.*

*7.6 Annex F sets out specific areas where work on equalities can be demonstrated through budget setting.*



*7.8 Actions taken, and progress made against EDI objectives will continue to be reported in the Mayor's Annual Equality Report. This allows us to meet the public sector equality duty under section 149 of the Equality Act 2010 and the Mayor's obligations under section 33 of the GLA Act 1999, as amended.*

*The Belonging, Inclusion and Wellbeing 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 reduce the Grenfell team from 2024;*

*Savings made in the Learning and Development budget owing to the introduction of a new strategy;*

*Planned removal of RPE Team. Previous savings proposal for 2023/34. Due to slippage of the project the anticipated saving can no longer be realised in 2023/24. it is now expected to be achieved in 2024/25;*



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*Recruitment controls in relation to FRS staff; and,*

*Reduction of 33 vacancies in operational staff, by the end of the year through recruitment of 240 trainees and 146 transferees from other brigades;*

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

*Staffing Equality Impacts: Post Deletions and impact caused by reductions impacting on staff*

*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*



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*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.*

*The posts are:*

*Posts to be deleted in ICT Deletion of posts -FRS E x 1 D x 4 C x 1 Post ends 31/3/2023*

*Post to be deleted in general counsel – The Grenfell team, where there will be offers of redeployment and suitable training and development will be offered to support movement of staff*

*Post to be deleted in Operational Policy - Planned removal of RPE Team. Previous savings proposal for 2023/34. Due to slippage of the project the anticipated saving can no longer be realised in 2023/24. it is now expected to be achieved in 2024/25.*

*Individual equality impact assessments will outline the equality breakdown of the postholders of the deleted posts.*



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*Consultation with the Industrial Relations Team and Employee Relations Team will identify key mitigations, as outlined above to reduce any potential adverse impact on employees. The Brigade will actively seek to identify vacant posts that they can be directly redeployed, or assimilated, into.*

*Additionally, savings made by the review of pre-arranged overtime will create significant savings. However, considering the cost of living crisis, this is likely to impact staff, not least staff who are in the lowest ranks of the organisation, which is our most diverse operational staff group.*

<b>Example: Age</b>	<b>Adverse</b>	<b><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></b>
<b>Age</b> (younger, older or particular age group)	NEUTRAL	This proposals impact staff who are under 55, and it is unlikely there will be any implications as a result of proposals on older people. The 2021-22 budget proposals supported staff who wished to retire as opposed to redeploy, which is an approach that will be adopted for those older staff impacted by savings
<b>Disability</b> (physical, sensory, mental health, learning disability, long term illness, hidden)	NEUTRAL	TBC



## Appendix 7 – Equality Analysis / Equality Impact Assessment (EIA)



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<p><b>Gender reassignment</b></p> <p>(someone proposing to/undergoing/undergone a transition from one gender to another)</p>	<p>NEUTRAL</p>	<p>This proposal does not impact anyone who has undergone gender reassignment. Neutral impact.</p>
<p><b>Marriage / Civil Partnership</b></p> <p>(married as well as same-sex couples)</p>	<p>NEUTRAL</p>	<p>This proposal does not require information about people's marriage or civil partnership status.</p>
<p><b>Pregnancy and Maternity</b></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><b>Race</b> (including nationality, colour, national and/or ethnic origins)</p>	<p>NEUTRAL</p>	<p>This proposal affects staff at junior and middle management level. The proposal does not require any information about ethnicity, nationality, or race. The proposal does not affect any staff from ethnically diverse groups.</p>

## Appendix 7 – Equality Analysis / Equality Impact Assessment (EIA)



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<b>Religion or Belief</b> (people of any religion, or no religion, or people who follow a particular belief (not political))	NEUTRAL	<i>The budget submission has a neutral impact on this protected characteristic</i>
<b>Sex</b> (men and women)	ADVERSE	The Grenfell team is entirely made up of female staff and so this proposal has an adverse affect on women. The LFB will seek to mitigate any adverse impact by offering opportunities to gain experience and develop skills by working on other projects in GCD and throughout the Brigade. We will seek to provide training opportunities for these staff so that they are best placed to secure roles elsewhere when the Grenfell related work comes to an end in 2024.
<b>Sexual Orientation</b> (straight, bi, gay and lesbian people)	NEUTRAL	<i>The budget submission has a neutral impact on this protected characteristic.</i>

### 6. Impacts outside the Equality Act 2010



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<b>What other groups might be affected by this policy, project, decision or activity?</b>
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.
The cost of living crisis and proposed revision of pay increase may present a real pay cut to staff, which disproportionately will impact staff on lower incomes. There are also different pay offers between staff groups; FRS being offered a lower percentage increase.

<b>7. Legal duties under the Public Sector Equality Duty (s149 Equality Act 2010)</b>	
How does this work help LFB to:	
<b>Eliminate discrimination?</b>	This proposal offers a growth proposal in communications, which supports anti-discrimination work, and directly positively impacts London communities in growth to the community engagement team.
<b>Advance equality of opportunity between different groups?</b>	



	<p>This proposal increases opportunities for positive action through growth in the community engagement team.</p> <p>Also, through the introduction of a programme of engagement activities directly with identified vulnerable, seldom heard or hard to reach communities to increase understanding of our services and how we can work with them. The continued roll out and development of the Community Forums. A series of focus groups and polling to understand community views on a range of issues including, building safety and regulation, fire safety, incident response and recovery. Establishing a programme of dedicated support to communities in the aftermath of an incident.</p>
<p><b>Foster good relations between different groups?</b></p>	<p>Engagement and consultation with equality support groups and regulatory bodies is required throughout the process</p>

**8. Mitigating and justifying impacts**

## Appendix 7 – Equality Analysis / Equality Impact Assessment (EIA)



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Where an <b>adverse</b> impact has been identified, what steps are being taken to <b>mitigate</b> it? If you're unable to mitigate it, is it <b>justified</b> ?		
Characteristic with potential adverse impact (e.g. age, disability)	Action being taken to mitigate or justify	Lead person responsible for action
Sex	We will seek to identify and offer as many opportunities as possible for this team to develop and learn new skills during the remainder of this financial year and in 2023/24 to put them in the best position to secure other posts/ employment from April 2024.	General Counsel
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:**

## Appendix 7 – Equality Analysis / Equality Impact Assessment (EIA)

**High:** as a result of this EIA further work is done to



there is evidence of significant adverse impact. This activity should be stopped until mitigate the impact.

**Medium:** as a result of this be removed or reduced by

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EIA there is potential adverse impact against one or more groups. The risk of impact may 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 7 – Equality Analysis / Equality Impact Assessment (EIA)

### Document Control



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Signed (lead for EIA / action plan)			Date	
Sign off by Inclusion Team			Date	
Stored by				
Links				
External publication	Are you happy for this EIA to be published externally?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No state why:

## Appendix 8 – Climate Budget and Sustainability Analysis

### 1. Climate Budget Narrative

#### Overview

Following extensive public consultation LFC published the Community Risk Management Plan (CRMP) in 2022 which confirms the LFC commitment to reducing impact on the environment and stated the target of aiming to reach net zero carbon by 2030. LFC defines net zero as ‘When the amount of carbon dioxide emissions associated with .... operational energy on an annual basis is zero or negative’. This includes Scope 1 and Scope 2 emissions in accordance with methodologies laid out in the Greenhouse Gas Protocol

**Scope 1** – All Direct Emissions from the activities of LFC or under our control, including

- Natural Gas - Building consumption
- Other Heating fuels - Biomass pellets
- Petrol and Diesel fuel consumption from company owned non-electric vehicles (Including all road transport, appliances, and boats)
- On-site Diesel Generator fuel
- On-site fugitive emissions from air conditioning systems

**Scope 2** – Indirect Emissions from electricity purchased and used by LFC or under our control from:

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

**Scope 3** emissions from sources not owned or controlled by LFC are not within scope of this carbon budget reporting however under the requirements of the GLA group Responsible Procurement Implementation Plan (RPIP) LFC are working with suppliers to reduce supply-chain carbon emissions.

#### LFB Baseline Emissions (2020/21)

Source	Quantity	Units	CO2e Tonnes
Natural Gas	26,181,024	kWh	4,814
Building Electricity Consumption	13,479,874	kWh	3,143
Bulk Blown Pellets for Croydon Biomass	7.46	Tonnes	0.54
Diesel Generator Fuel (Estimate)	14,520	Litres	40
Fleet EV Charging	24,242	kWh	6
External EV Charging - Non LFC Vehicle Charging using LFC charging infrastructure outside LFB control	- 85,791	kWh	- 20
Fugitive Emissions	11	Kg/R410A	23
Fuel	1,216,667	Litres	3,042
Total			9,291

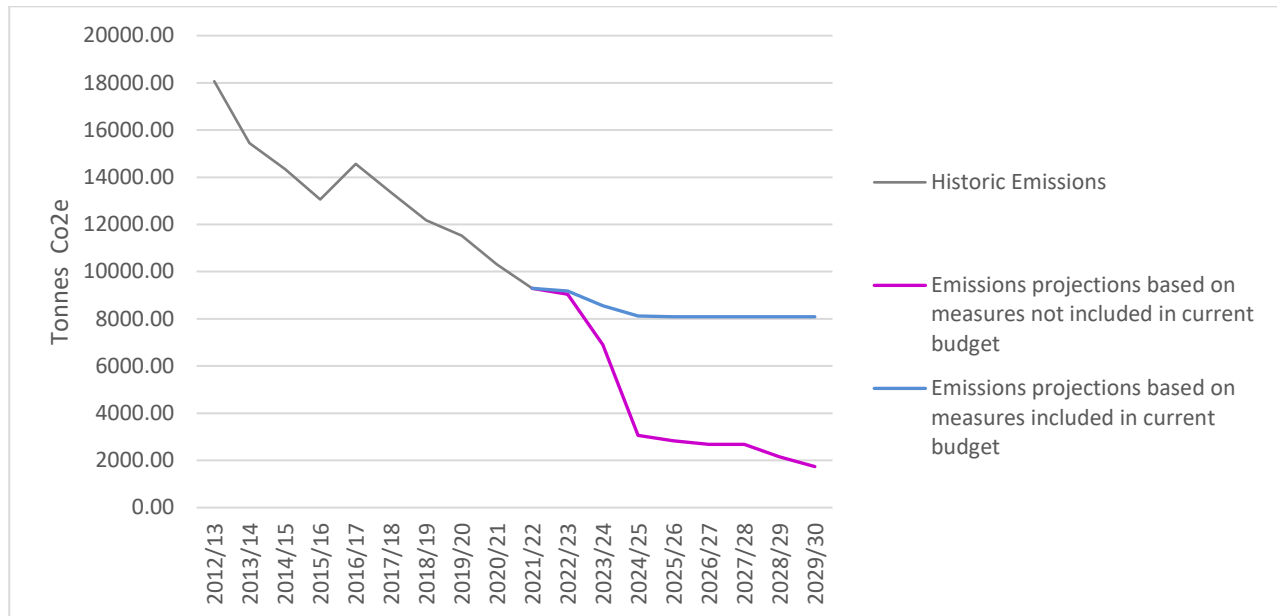
The graph below outlines:

- Historic emissions for the given scope (grey line below)



## Appendix 8 – Climate Budget and Sustainability Analysis

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



### LFC Carbon reduction progress

The LFC Sustainable Development annual Report (LFC-0735x) has further details outlining the LFC carbon emission reductions and progress to date. Highlights include-

#### Fleet

- Emissions from fleet vehicles were down by 46% from 1990 baseline levels as at the end of 2020/21, all vehicles based within the central ULEZ zone are compliant. Of all the vehicles LFC are responsible for, over 90% are currently ULEZ compliant; this includes all front-line pumping appliances.
- 13 per cent of all fleet are zero emission capable, this is an increase from the previous year. The target for all fleet to be zero emission capable is 2030, and 2025 for light vehicles.
- There have been further reductions for grey fleet mileage of 3.4 per cent as the practice of remote working and virtual meetings is expected to continue, this improvement is likely to be lasting.
- Nearly all LFC buildings have electric vehicle (EV) charge points, accessible for Brigade vehicles and personal staff usage. A further three fire stations have publicly accessible rapid charging.

#### Buildings

- A focus on improving maintenance of on-site renewable energy systems has increased on-site generation from 8 to 15 per cent. Output of PV systems increased by 23%. Solar PV is on 71 buildings, Solar thermal on 14. On-site renewable energy generation meeting 7.25% of overall needs. LED lighting has been installed at 32 stations with plans for a further 15 this year
- LFC have achieved its target of an average Display Energy Certificate (DEC) rating of a C across all sites, with an average of 75.5 percent of sites with a rating of C or above.
- Walthamstow Fire Station has 48.3kWp Solar PV installation and had an ASHP. This station is the first to have this type of heating system installed and therefore the first LFC station to decarbonise the heating.

## Appendix 8 – Climate Budget and Sustainability Analysis

- The electricity supply contract that commenced in July 2020, provides 100% Renewable Energy Guarantees of Origin (REGO) backed renewable electricity, our supplier guarantees that the electric we use under our contract is 100% renewable.

### Air Travel

- The downward trend of air travel use over the last 5 years continues. Domestic travel continues to reduce, which is the most likely area that would readily be replaced by virtual meetings.
- It continues to be challenging to offset emissions from air travel, since the end of the Government Carbon Offsetting Fund scheme, this was previously managed through the LFCs utility provider. This has not been possible in recent years as the service is not made available for supply volumes as low as that of the LFC.

### Behaviour change/ Enabling Actions

- Training, certified by the Carbon Literacy Project, delivered to senior leaders. New leaders joining LFC will have the opportunity to complete the course after joining.
- A further carbon impact training is in development to be made available to all staff.
- LFC manages and maintains an Environmental Management System (EMS) certified to ISO14001 to provide a consistent process for addressing environmental concerns through the evaluation of practices, procedures and processes.

## Summary of measures included in the 2023-24 climate budget

### Buildings

The Carbon Net Zero Across the London Fire Commissioners Estate (LFC-0641) details several key actions to enable LFC to achieve Carbon reduction of the current property emissions net zero target by 2030, this measure results in an average annual CO<sub>2</sub>e savings to 2030 of 107 tonnes CO<sub>2</sub>e.

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

To decarbonise the estate there will be a need to switch to an electrically powered heating solution. The proposed model is the implementation of a hybrid system of a conventional electric condensing boiler with an Air-source heat pumps (ASHP). The hybrid system of heating the station areas and hot water, would mean that the existing infrastructure could be utilised to provide heating and hot water to the station occupants. This would minimise disruption as the plant replacement works would be centred largely around the plant room and outside areas. This measure results in an average annual CO<sub>2</sub>e savings to 2030 of 41 tonnes CO<sub>2</sub>e.

- 3 sites have been identified for new ASHP to replace gas boilers, this has been costed into the Estate Capital Investment Programme (ECIP).
- Instal 4 Solar PV arrays

The Premises Asset Replacement Works for Projects (LFC-0533Y and LFC-0354 ) detail the key assets replacement works at various London Fire Commissioner (LFC) premises to avoid asset dilapidation. These measures result in an average annual CO<sub>2</sub>e savings to 2030 of 809 tonnes CO<sub>2</sub>e. These papers outlines the following building retrofit measures:

## Appendix 8 – Climate Budget and Sustainability Analysis

- Window replacement
- Appliance bay doors
- Roof replacement

### Fleet

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

### Enabling Actions

Carbon Impact training will be implemented across the LFB, focusing on climate science, how climate change is impacting the Brigade - both now and in future - and the actions that can be taken as a Brigade to minimise the impact on the environment.

### Future- project pipeline- process of identifying funding options.

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

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

#### Principle 1: Opening the infrastructure

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

#### Principle 2: Premises decarbonisation

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

#### Principle 3: 100% renewable energy

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

The LFB Carbon reduction strategy forecasts a significant decrease in emissions (3,143 tonnes of CO2) from the baseline throughout 2025. This is the result of the planned switch by the GLA and

## Appendix 8 – Climate Budget and Sustainability Analysis

LFB to a 100% renewable electricity Power Purchase Agreement (PPA ) in 2025, meaning all electricity consumption can be declared zero emission. The PPA is a project that TfL have already started to implement and LFB have been requested to join during 2025, at which point all the Functional Bodies (FBs) will be expected to join. This will provide a suitable consumer base and provide a mass loading for electrical requirement which will serve to provide a stable agreement for the future.

### **Principle 4: Carbon Offsetting and alternative fuels**

Despite the ambitious activities proposed, there will remain residual emissions that will need to be offset to meet net zero by 2030. It is estimated that there will be around 1,000 tonnes each year CO<sub>2</sub>e of residual emissions that will need to be offset. The residual emissions will be made up of transportation that does not have an adequate electric alternative (including river boats), and from fuel needed in generators, to be used as resilience. However, the sector remains in its infancy and as a result, costs and quality of offsets are extremely variable at this stage. Moreover, in terms of emissions, offsetting does not reduce LFB's reported core Scope 1 or 2 emissions and does not reduce tailpipe emissions from vehicles. Circa 4,286 tonnes are anticipated to need to be offset.

### **Biofuels**

The use of alternative fuels would be deployed in the form of a "drop in" biofuels that have the potential to replace existing diesel use. The LFB's current infrastructure, existing vehicle specification and maintenance risks dictate that the only drop in biofuel that can be considered is Hydrotreated Vegetable Oil (HVO). Running existing vehicles on HVO is a "steppingstone" carbon reduction solution for LFB whilst it continues to operate existing diesel vehicles. It is an accepted operational fuel for the manufacturers of most modern diesels, including those currently owned by LFB. For fuelling these vehicles HVO and diesel can be mixed in any percentage composition in the fuelling station storage tanks and the vehicle fuel tanks themselves.

### **Principle 5: Moving to a Zero Emission Fleet**

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

In 2030, 232 operational vehicles (including 113 heavy specialist appliances) will be Zero Emission, representing 63% of the LFB owned fleet (366 vehicles in total). In consideration that 37% of the fleet will still be diesel in 2030, the use of biofuels represents a potential steppingstone to meet Net Zero Carbon targets – this is addressed further under Principle 4.

After 2030 efforts will continue to electrify the remainder of the fleet, responsible for a remaining 1,464 Tonnes (CO<sub>2</sub>te). Government legislation on diesel vehicle obsolescence and decarbonisation means that replacing diesel vehicles and achieving net zero are issues that are inextricably linked.

LFB has led the Fire and Rescue sector in the UK with the development of the Zero Emission Pumping Appliance (ZEPA) Project. The learning from the ZEPA Project and the associated analysis gives a clear and highly valuable point of reference to inform and support the broader work required to achieve a zero-emission fleet.

## Appendix 8 – Climate Budget and Sustainability Analysis

The £7m project cost for ZEPA 2 spending has been agreed via the original paper (LFC 0034). The decision is based on the Corporate Management Board report and LES consultation (CMB098/17) and agreed in principal to work to establish a corporate project aimed at delivering a prototype low emission heavy vehicle to support delivery of the Mayors carbon reduction commitments.

Heavy frontline vehicles have a complex and extensive power requirement which in turn presents additional technical challenges and action is required to ensure suitable vehicles are available in time for the next wave of fleet replacements, scheduled for 2029. Therefore LFC have an agreement under the Ultra Low Emission Fleet programme with the ZEPA project. The 1st trial vehicle and following evaluation moves forward to ZEPA 2 which is 10 vehicles for evaluation as an operational trial. ZEPA 1 is now being delivered to Hammersmith fire station and will commence a 2 year trial, followed by ZEPA 2 which is 10 zero emission vehicles.

### **Principle 6: Smart energy usage**

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

## Appendix 8 – Climate Budget and Sustainability Analysis

Table A: Actions in the current budget as set out in this report.

ID	Climate Action Area	Climate Action	Description	Funding source	Year funding starts	Year funding ends	Lifetime cumulative CO2e savings, tonnes	Year emissions savings start	Average annual CO2e savings to 2030, tonnes
A.1	Buildings	Building retrofit Cookers	Replace 40 gas powered cookers with Electric	Mayor	2022/2023	2023/2024	1,284	2023	107
A.2	Buildings	Building retrofit - ASHP	Replace 3 gas boiler with ASHP	LFC0256	2023/2024	2027/2028	360	2024	30
A.3	Buildings	Building retrofit -SPV	Instal 4 Solar PV arrays	Mayor	2023/2024	2023/2024	132	2023	11
A.4	Buildings	Building retrofit windows	Window replacement	LFC0354	2023/2024	2023/2024	1500	2023	360
A.5	Buildings	Buildings retrofit	Appliance bay doors	LFC0533Y + LFC03	2023/2024	2024/2025	22	2023	14.7
A.6	Buildings	Buildings retrofit	Appliance bay doors	LFC 0354	2024/2025	2025/2026	45.5	2024	18.2
A.7	Buildings	Building retrofit windows	Window replacement	FWR	2024/2025	2025/2026	325	2025	27
A.8	Buildings	Building retrofit roofing	Roof replacement	AWP	2023/2024	2024/2025	1170	2024	390
A.9	Transport	Current Asset Replacement Programme	Replacement of hybrid pool cars to 50 electric vehicles	Mayor	2022/2023	2023/2024	1,185	2023	237
A.10	Transport	Current Asset Replacement Programme	Replacement of 2 driver training cars	Mayor	2023/2024	2024/2025	45	2023	9
A.11	Behaviour Chang	Carbon impact training	Carbon impact training for all LFB staff- following on fro Internal staff resc	N/A	N/A	N/A	N/A	2023	enabling measure

ID	Co-benefits	Responsibility (dept)	KPI 2023/24	Traffic light progress (for quarterly reporting)	Further information	Total Expenditure 23-24 £'000	Total Expenditure 24-25 £'000	Total Expenditure 25-26 £'000	Capital/Revenue/ Mixed	Total cash savings 23-24 £'000	Total cash savings 24-25 £'000	Total cash savings 25-26 £'000	Comments
A.1		LFB property	Carbon reduction	TBC	LFC-0641	160	n/a	n/a	Capital	n/a	n/a	n/a	carbon reduction
A.2		LFB property	Carbon reduction	TBC		1,000	n/a	n/a	Capital	n/a	n/a	n/a	carbon reduction
A.3		LFB property	Carbon reduction	TBC		300	n/a	n/a	Capital	n/a	n/a	n/a	Energy bill savings
A.4		LFB Property	Carbon reduction	TBC		4415	n/a		Capital	???	247	247	
A.5		LFB property	Carbon reduction	TBC		1200			Capital	???	0.28		
A.6		LFB property	Carbon Reduction	TBC	LFC0354Y		2600	n/a	Capital	???	0.5		
A.7		LFB property	Carbon reduction	TBC		1177	n/a		Capital	???			
A.8		LFB property	Carbon reduction	TBC		916	916	n/a	Capital	???			Energy saving and carbon savin
A.9		LFB FLEET	Carbon reduction	TBC	LFC-0562	1500	n/a	n/a	Capital	n/a	n/a	n/a	Carbon reduction
A.10		LFB FLEET	Carbon reduction	TBC		70	n/a	n/a	Capital	n/a	n/a	n/a	Carbon reduction
A.11	facilitate emissions reductions in LFB Sustainable Develop	Carbon reduction	TBC	TBC		N/A	N/A	N/A	Capital	N/A	N/A	N/A	Carbon impact training is an en facilitate emissions reductions

## Appendix 8 – Climate Budget and Sustainability Analysis

Table B Part 1: Actions for which a budget has not yet been confirmed or identified

ID	Climate Action Area	Climate Action	Description	Funding Source	Year funding starts	Year funding ends	Life	Lifetime cumulative CO2e savings, tonnes	Year emissions savings start	Average annual CO2e savings to 2030, tonnes
B.1	Buildings	Electrical supply upgrade	Increase electrical capacity all 102 buildings	N/A	2024	2029		N/A	N/A	N/A
B.2	Buildings	Removing gas dependency	Replace Gas powered boilers at 103 fire stations	N/A	2024	2029		7,743	2024	1,935
B.3	Buildings	Removing gas dependency	Replace gas powered appliance bay heaters at 102 stations	N/A	2024	2029		100	2024	25
B.4	Buildings	Renewable generation	Increase the solar PPV arrays	N/A	2024	2029		3,600	2025	1,800
B.5	Buildings	Remove gas dependency	Replace gas cooking equipmen	N/A	2024	2029		1990	2024	166
B.6	Buildings	Energy reduction	Environmental system re-design 169 Union Street	N/A	2025	2029		600	2027	40
B.7	Buildings	Salix funding match 5 buildings	Retrofit of 5 stations	Salix combined with LFC	2024	2,025		n/a	2,025	
B.8	Transport	Smart Energy Use	Telematics fitted to vehicles		2022/2023	2023/2024		n/a	n/a	n/a
B.9	Transport	Asset Replacement Programme	Replacement of OSUs		2022/2023	2023/2024		12		
B.10	Transport	EV Asset Replacement Programme	Replacement of the hybrid SOG cars		2023/2024	2024/2025		5	70	2024
B.11	Transport	EV Asset Replacement Programme	Replacement of the 6 hybrid commissioner cars		2024/2025	2025/2026		5	140	2025
B.12	Transport	EV Asset Replacement Programme	Replacement of 11 vans		2024/2025	2025/2026		7	406	2025
B.13	Combined	Charging Infrastructure	Install of chargepoints		2024/2025	2025/2026	tbc	n/a	n/a	n/a
B.14	Transport	EV Asset Replacement Programme	Replacement of 29 vans		2025/2026	2026/2027		7	1071	2026
B.15	Transport	EV Asset Replacement Programme	Replacement of 5 x Hose Layer Units		2025/2026	2026/2027		12	588	2026
B.16	Transport	EV Asset Replacement Programme	Replacement of 1 Cold Cut Vehicle		2025/2026	2026/2027		7	70	2026
B.17	Transport	EV Asset Prototypes	Purchase of 5 x ZEP A2 vehicles		2025/2026	2026/2027		12	0	n/a
B.18	Transport	Charging Infrastructure	Install of chargepoints		2025/2026	2026/2027	tbc	n/a	n/a	n/a
B.19	Transport	Charging Infrastructure	Install of chargepoints		2026/2027	2027/2028	tbc	n/a	n/a	n/a
B.20	Transport	EV Asset Replacement Programme	Replacement of 18 vans		2026/2027	2027/2028		7	658	2027
B.21	Transport	EV Asset Prototypes	Purchase of 5 x ZEP A2 vehicles		2026/2027	2027/2028		12	0	n/a
B.22	Transport	EV Asset Replacement Programme	Replacement of 50 electric pool cars		2027/2028	2028/2029		5	0	n/a
B.23	Combined	Charging Infrastructure	Install of chargepoints		2027/2028	2028/2029	tbc	n/a	n/a	n/a
B.24	Transport	EV Asset Replacement Programme	Replacement of 2 driver training cars		2028/2029	2029/2030		5	0	n/a
B.25	Transport	EV Asset Replacement Programme	Replacement of the SOG cars		2028/2029	2029/2030		5	0	n/a
B.26	Transport	EV Asset Replacement Programme	Replacement of 53 Dual Pump Ladders (DPL) - Year 1		2028/2029	2029/2030		12	6336	2029
B.27	Transport	EV Asset Replacement Programme	Replacement of 41 DPLs - Year 2		2029/2030	2030/2031		12	4896	2030
B.28	Transport	EV Asset Replacement Programme	Replacement of the Commissioner Cars		2029/2030	2030/2031		5	0	n/a

## Appendix 8 – Climate Budget and Sustainability Analysis

ID	Climate Action Area	Climate Action	Description	Funding Source	Year funding starts	Year funding ends	Life	Lifetime cumulative CO2e savings, tonnes	Year emissions savings start	Average annual CO2e savings to 2030, tonnes	
B.29	Transport	EV Asset Replacement Programme	Replacement of 52 DPLs - Year 3		2030/2031	2031/2032		12	6216	2031	518
B.30	Transport	EV Asset Replacement Programme	Replacement of 42 DPLs - Year 4		2031/2032	2032/2033		12	5016	2032	418
B.31	Transport	EV Asset Replacement Programme	Replacement of 1 All Wheel Drive (AWD)		2031/2032	2032/2033		7	70	2032	10
B.32	Transport	EV Asset Replacement Programme	Replacement of 1 Detect, Identify and Monitor vehicle		2031/2032	2032/2033		7	70	2032	10
B.33	Transport	EV Asset Replacement Programme	Replacement of 11 vans		2031/2032	2032/2033		7	0	n/a	0
B.34	Transport	EV Asset Replacement Programme	Replacement of 18 Fire Rescue Units (FRU)		2032/2033	2033/2034		12	2148	2033	179
B.35	Transport	EV Asset Replacement Programme	Replacement of 1 Cold Cut vehicle		2032/2033	2033/2034		7	0	n/a	0
B.36	Transport	EV Asset Replacement Programme	Replacement of 50 electric pool cars		2032/2033	2033/2034		5	0	n/a	0
B.37	Transport	EV Asset Replacement Programme	Replacement of 2 driver training cars		2033/2034	2034/2035		5	0	n/a	0
B.38	Transport	EV Asset Replacement Programme	Replacement of 29 vans		2032/2033	2033/2034		7	0	n/a	0
B.39	Transport	EV Asset Replacement Programme	Replacement of 9 Command Support Units (CSU)		2033/2034	2034/2035		12	1068	2034	89
B.40	Transport	EV Asset Replacement Programme	Replacement of 3 Operational Support Units (OSU)		2033/2034	2034/2035		12	360	2034	30
B.41	Transport	EV Asset Replacement Programme	Replacement of 5 Heavy Distribution Units (HDU)		2033/2034	2034/2035		12	62	2034	50
B.42	Transport	EV Asset Replacement Programme	Replacement of the SOG cars		2033/2034	2034/2035		5	0	n/a	0
B.43	Transport	EV Asset Replacement Programme	Replacement of 18 vans		2033/2034	2034/2035		7	0	n/a	0
B.44	Transport	EV Asset Replacement Programme	Replacement of 12 32m Turntable Ladders (TL)		2034/2035	2035/2036		15	1785	2035	119
B.45	Transport	EV Asset Replacement Programme	Replacement of 3 64m TLs		2034/2035	2035/2036		15	450	2035	30
B.46	Transport	EV Asset Replacement Programme	Replacement of the Commissioner Cars		2034/2035	2035/2036		5	0	n/a	0
B.47	Transport	EV Asset Replacement Programme	Replacement of 5 x Hose Layer Units		2037/2038	2038/2039		12	0	n/a	0
B.48	Transport	EV Asset Replacement Programme	Replacement of 50 electric pool cars		2037/2038	2038/2039		5	0	n/a	0



## Appendix 8 – Cimate Budget and Sustainability Analysis

Table B Part 2: Actions for which a budget has not yet been confirmed or identified

ID	Co-benefits	Responsibility (dept)	Further information	Proposed CNZ Uplift Expenditure 23-24 £'000	Proposed CNZ Uplift Expenditure 24-25 £'000	Proposed CNZ Uplift Expenditure 25-26 £'000	Proposed CNZ Uplift Expenditure to end 2026-27 to end 2030-2031 £'000	Total Proposed CNZ Uplift Expenditure £'000	Current (Diesel) Like for Like Planned Expenditure £'000	Capital/ Revenue / Mixed	Grant and/or Debt funding? Provide further details on any debt funding	Readiness: Immediate / 2-3y/ 3y+	Comments
B.1	Provides essential infrastructure for CNZ	Property	FP1568 carbon net Zero	11,463	11,463	11,463	11,463	45,852		capital		Immediate	This is required at 99% of stations to be able to progress CNZ plans as the gas replacement plan focuses on electric alternatives
B.2	Reduction	Property	FP1568 carbon net Zero	£6,733	£10,122	11,327	11,327	39,509		capital			
B.3	Reduction	Property	FP1568 carbon net Zero	£1,010	£253	£253	£253	1,769		Capital			
B.4								14,496		capital			The sites will require a deeper survey than presently carried to establish roof and ground space. This has been costed at £30k
	Reduction	Property	FP1568 figures need checking	3,624	3,624	3,624	3,624						
B.5	Reduction	Property	FP1568 carbon Net Zero	248	N/A	N/A	N/A	248		capital			
B.6	Reduction	Property	N/A	850	N/A	N/A	N/A	850		Capital			
B.7	Reduction	Property						-					
B.8	Smart information	LFB FLEET	Information gathering	2,000	n/a	n/a	n/a	2,000	0	Capital			
B.9								1,320	450				OSU project is subject to approval based on operational demand and the potential to consider alternative operations and EV solutions. The uplift was not originally included in the LFB CNZ strategy.
		LFB FLEET	Carbon reduction	1,320									
B.10		LFB FLEET	Carbon reduction		50			50	75	Capital			

## Appendix 8 – Cimate Budget and Sustainability Analysis

ID	Co-benefits	Responsibility (dept)	Further information	Proposed CNZ Uplift Expenditure 23-24 £'000	Proposed CNZ Uplift Expenditure 24-25 £'000	Proposed CNZ Uplift Expenditure 25-26 £'000	Proposed CNZ Uplift Expenditure 2026-27 to end 2030-2031 £'000	Total Proposed CNZ Uplift Expenditure £'000	Current (Diesel) Like for Like Planned Expenditure £'000	Capital/ Revenue / Mixed	Grant and/or Debt funding? Provide further details on any debt funding	Readiness: Immediate / 2-3y/ 3y+	Comments
B.11		LFB FLEET	Carbon reduction			100		100	150	Capital			
B.12		LFB FLEET	Carbon reduction			225		225	330	Capital			
B.13								2,700	0				Lifetime tbc based on new market engagement with charge providers
	Charging	LFB FLEET	Charging			2,700							
B.14		LFB FLEET	Carbon reduction				380	380	1084	Capital			
B.15		LFB FLEET	Carbon reduction				2,200	2,200	1500	Capital			
B.16		LFB FLEET	Carbon reduction				440	440	110	Capital			
B.17								3,500	0	Capital			ZEPA 2 is an EV development project to expand EV appliances & derisk broader rollout - it is not an existing asset replacement. After discussions it was suggested to feature in Table B as an expected uplift cost. Therefore, the uplift is £3.5million, which has been removed from the original position as a designated cost.
	Determination of heavy vehicle and high power solutions	LFB FLEET	Carbon reduction				3,500						
B.18	Charging	LFB FLEET	Charging				2,700	2,700	0				
B.19	Charging	LFB FLEET	Charging				2,700	2,700	0				
B.20		LFB FLEET	Carbon reduction				149	149	760	Capital			
B.21								3,500	0	Capital			ZEPA 2 is an EV development project to expand EV appliances & derisk broader rollout - it is not an existing asset replacement. After discussions it was suggested to feature in Table B as an expected uplift cost. Therefore, the uplift is £3.5million, which has been
	Determination of heavy vehicle and high power solutions	LFB FLEET	Carbon reduction				3,500						

## Appendix 8 – Climate Budget and Sustainability Analysis

ID	Co-benefits	Responsibility (dept)	Further information	Proposed CNZ Uplift Expenditure 23-24 £'000	Proposed CNZ Uplift Expenditure 24-25 £'000	Proposed CNZ Uplift Expenditure 25-26 £'000	Proposed CNZ Uplift Expenditure 2026-27 to end 2030-2031 £'000	Total Proposed CNZ Uplift Expenditure £'000	Current (Diesel) Like for Like Planned Expenditure £'000	Capital/ Revenue / Mixed	Grant and/or Debt funding? Provide further details on any debt funding	Readiness: Immediate / 2-3y/ 3y+	Comments
B.22		LFB FLEET	Carbon reduction				572	572	1500	Capital			removed from the original position as a designated cost.
B.23	Charging	LFB FLEET	Charging				2,700	2,700	0				
B.24		LFB FLEET	Carbon reduction				23	23	70	Capital			
B.25		LFB FLEET	Carbon reduction				50	50	75	Capital			
B.26		LFB FLEET	Carbon reduction				23,320	23,320	13780	Capital			
B.27		LFB FLEET	Carbon reduction				18,040	18,040	10660	Capital			
B.28		LFB FLEET	Carbon reduction				100	100	150	Capital			
B.29		LFB FLEET	Carbon reduction				22,880	22,880	13520	Capital			
B.30		LFB FLEET	Carbon reduction				18,480	18,480	10920	Capital			
B.31		LFB FLEET	Carbon reduction				440	440	210	Capital			
B.32		LFB FLEET	Carbon reduction				440	440	195	Capital			
B.33		LFB FLEET	Carbon reduction				225	225	330	Capital			
B.34		LFB FLEET	Carbon reduction				7,920	7,920	5400	Capital			
B.35		LFB FLEET	Carbon reduction				440	440	110	Capital			
B.36		LFB FLEET	Carbon reduction				572	572	1500				
B.37		LFB FLEET	n/a	TBC	TBC	n/a	23	23	70	Capital			
B.38		LFB FLEET	Carbon reduction				380	380	1084				
B.39		LFB FLEET	Carbon reduction				3,960	3,960	3060				
B.40		LFB FLEET	Carbon reduction				1,320	1,320	450				
B.41		LFB FLEET	Carbon reduction				2,200	2,200	1250				
B.42		LFB FLEET	Carbon reduction				50	50	75				
B.43		LFB FLEET	Carbon reduction				149	149	760				
B.44		LFB FLEET	Carbon reduction				5,280	5,280	7920				
B.45		LFB FLEET	Carbon reduction				1,320	1,320	3300				
B.46		LFB FLEET	Carbon reduction				100	100	150				
B.47		LFB FLEET	Carbon reduction				2,200	2,200	1500	Capital			
B.48		LFB FLEET	Carbon reduction				595	595	1570				

## Appendix 9 – Draft Letter to FREP Committee

Anne Clarke AM  
Chair, Fire, Resilience and Emergency Planning Committee  
City Hall  
The Queen's Walk  
London  
SE1 2AA

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

Date

Dear Chair,

### **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 2023/24 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 2023/24 Budget for the LFC.

Draft versions of these documents are included in the Budget Submission to the Mayor, provided to meet the 25 November 2022 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 2023/24.

Yours sincerely

**Andy Roe**  
London Fire Commissioner

## Appendix 10 – Budget Submission to the Mayor

The LFC's proposed revenue budget is set out in the following table on a directorate basis.

Directorate Analysis	Budget Submission (November 2022)				
	Revised Budget	Forecast Outturn	Budget	Plan	Plan
	2022-23	2022-23	2023-24	2024-25	2025-26
Commissioner	1.9	2.3	1.9	1.9	1.9
Operational Delivery	305.6	324.6	313.7	319.0	327.0
Corporate Services	103.9	100.5	104.3	104.1	105.7
People	35.9	36.5	38.1	38.4	39.3
Transformation	4.2	4.4	4.0	4.2	4.3
Communications	2.6	2.9	2.5	2.5	2.6
Net service expenditure	454.1	471.2	464.5	470.1	480.9
Capital financing costs	9.6	9.6	11.7	17.3	18.8
External interest receipts	-0.6	-0.6	-0.6	-0.6	-0.6
Net revenue expenditure	463.1	480.2	475.6	486.8	499.1
Transfer to/(from) reserves	-2.0	-18.6	-6.0	0.0	5.0
Financing requirement	461.1	461.6	469.6	486.8	504.1
Specific grants	36.7	37.2	33.9	33.9	33.9
Government grant for income Losses	0.0	0.0	0.0	0.0	0.0
General Services Grant 22-23	2.6	2.6	0.0	0.0	0.0
Retained business rates	242.7	242.7	247.6	252.5	257.6
Council tax collection fund deficit	-1.6	-1.6	-1.6	0.0	0.0
<b>Council tax requirement</b>	<b>180.7</b>	<b>180.7</b>	<b>189.8</b>	<b>200.4</b>	<b>212.6</b>

## Changes in the council tax requirement

Compares Revised Budget 2022-23 with 2023-24 Budget

2022-23 council tax requirement	180.7
<i>Changes due to:</i>	
Net change in service expenditure and income	12.5
Use of reserves	-4.0
Government grants	5.4
Retained business rates funding	-4.9
Council tax collection fund deficit	0.0
Government grant for income Losses	0.0
<b>2023-24 council tax requirement</b>	<b>189.8</b>

## Movement in reserves during financial year

	Outturn	Forecast Outturn	Budget	Plan	Plan
	2021-22	2022-23	2023-24	2024-25	2025-26
Opening balances	91.7	92.1	73.5	67.5	67.5
<i>Transfers to / from (-)</i>					
Earmarked reserves	-7.7	-14.4	-6.0	0.0	5.0
General reserves	8.1	-4.2	0.0	0.0	0.0
<b>Total reserves</b>	<b>92.1</b>	<b>73.5</b>	<b>67.5</b>	<b>67.5</b>	<b>72.5</b>

**Total reserves at end of financial year**

**Budget Submission (November 2022)**

	Outturn	Forecast Outturn	Budget	Plan	Plan
	2021-22	2022-23	2023-24	2024-25	2025-26
Earmarked reserves	71.7	57.3	51.3	51.3	56.3
General reserves	20.4	16.2	16.2	16.2	16.2
<b>Total reserves</b>	<b>92.1</b>	<b>73.5</b>	<b>67.5</b>	<b>67.5</b>	<b>72.5</b>

Subjective Analysis	Budget Submission (November 2022)				
	Revised Budget	Forecast Outturn	Budget	Plan	Plan
	2022-23	2022-23	2023-24	2024-25	2025-26
Operational staff	284.5	302.3	292.7	298.9	307.6
Other staff	69.2	69.3	66.1	67.4	69.2
Employee related	27.1	27.4	28.9	30.6	31.4
Pensions	21.8	21.4	22.0	20.2	19.3
Premises	46.3	44.7	50.3	51.4	52.2
Transport	17.3	17.5	17.9	18.0	18.4
Supplies and services	31.7	33.0	32.7	31.0	30.4
Third party payments	1.4	1.7	1.4	1.5	1.5
Capital financing costs	9.6	9.6	11.7	17.2	18.6
Savings to be identified	0.0	0.0	0.0	0.0	0.0
<b>Total expenditure</b>	<b>509.0</b>	<b>526.9</b>	<b>523.6</b>	<b>536.1</b>	<b>548.6</b>
Total income	-45.9	-46.7	-48.1	-49.3	-49.5
<b>Net expenditure</b>	<b>463.1</b>	<b>480.2</b>	<b>475.6</b>	<b>486.8</b>	<b>499.1</b>
Transfer to/(from) reserves	-2.0	-18.6	-6.0	0.0	5.0
<b>Financing requirement</b>	<b>461.1</b>	<b>461.6</b>	<b>469.6</b>	<b>486.8</b>	<b>504.1</b>
Specific grants	36.7	37.2	33.9	33.9	33.9
Government grant for income Losses	0.0	0.0	0.0	0.0	0.0
General Services Grant 22-23	2.6	2.6	0.0	0.0	0.0
Retained Business Rates	242.7	247.5	247.6	252.5	257.6
Council tax collection fund deficit	-1.6	-1.6	-1.6	0.0	0.0
<b>Council tax requirement</b>	<b>180.7</b>	<b>180.7</b>	<b>189.8</b>	<b>200.4</b>	<b>212.6</b>



## Authorised limit for external debt

	2022-23	2022-23	2023-24	2023-24	2024-25	2024-25	2025-26
	Approved (March 2022)	Requested Approval (Nov 2022)	Approved (March 2022)	Requested Approval (Nov 2022)	Approved (March 2022)	Requested Approval (Nov 2022)	Requested Approval (Nov 2022)
	£m	£m	£m	£m	£m	£m	£m
Borrowing	175.0	175.0	175.0	175.0	175.0	175.0	175.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0	70.0	70.0
<b>Total</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>	<b>245.0</b>

## Operational limit for external debt

	2022-23	2022-23	2023-24	2023-24	2024-25	2024-25	2025-26
	Approved (March 2022)	Requested Approval (Nov 2022)	Approved (March 2022)	Requested Approval (Nov 2022)	Approved (March 2022)	Requested Approval (Nov 2022)	Requested Approval (Nov 2022)
	£m	£m	£m	£m	£m	£m	£m
Borrowing	170.0	170.0	170.0	170.0	170.0	170.0	170.0
Long term liabilities	70.0	70.0	70.0	70.0	70.0	70.0	70.0
<b>Total</b>	<b>240.0</b>	<b>240.0</b>	<b>240.0</b>	<b>240.0</b>	<b>240.0</b>	<b>240.0</b>	<b>240.0</b>