

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1617

Title: LFEPA budget for 2016-17

Executive summary

The London Fire and Emergency Planning Authority (LFEPA) is charged with overseeing the work of the London Fire Brigade (LFB). The Mayor exercises oversight of LFEPA in his capacity as the Greater London Authority's (GLA) executive and, accordingly, possesses a power of direction over LFEPA activities.

At its meeting on 17 February 2016, LFEPA decided to follow the budget option put forward by the Chair of its Resources Committee for the LFEPA budget for 2016-17. The Mayor is of the view that the alternative budget option, put forward by the London Fire Commissioner, represents a more prudent financial approach and is therefore preferable.

After carefully considering the issues arising, including the views put forward by LFEPA Members and the results of the public consultation exercise on the budget options which preceded the 17 February 2016 LFEPA meeting, together with equalities and other mandatory statutory considerations, the Mayor has decided to direct LFEPA to follow the Commissioner's budget option.

Decision

That the Mayor directs LFEPA in relation to its budget for 2016-17 as at Appendix B to this decision form.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

1 March 2016

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. LFEPA's budget for 2016-17

The 13 appliances

- 1.1 On 15 June 2015 the Mayor directed LFEPA, reference MD1516, to:
1. Commission a full paper on the Authority's budget options for 2016-17 from the London Fire Commissioner;
 2. For the paper referred to under (1.) above, be presented to the Authority by the London Fire Commissioner by the end of October 2015; and
 3. Retain the status quo in relation to the 13 appliances set aside as a contingency in the event of strike action over the last two years by not redeploying those appliances while the different budget options are being considered under (1.) and (2.) above.
- 1.2 The purpose of the direction was to provide LFEPA with an opportunity to consider its budget options for 2016-17 and to assess LFB's performance over time in the light of the 13 appliances not being available for frontline use, while they were continuing to be held back as a contingency in the event of strike action.

LFEPA budget setting process for 2016-17

- 1.3 On 12 October 2015 the Mayor's Chief of Staff wrote to the Chairman of LFEPA to confirm that LFEPA's budget submission to the GLA could wait until the immediate aftermath of the 2 December 2015 LFEPA meeting. This represented a variation to MD1516 in terms of the timing of LFEPA's budget submission to the GLA.
- 1.4 As a precursor to the 2 December LFEPA meeting, LFEPA's Resources Committee met on 12 November 2015 to consider the budget options emerging for LFEPA for 2016-17. The paper to the Committee, reference FEP2520, set out three options:
- A proposal from the Chair of the Resources Committee whose key features were:
 - Implementation of £6.1m (net) of alternate crewing proposals
 - Further reductions of £2m
 - One off draw on the general reserve of £2.2m;
 - Officer Option 1:
 - Removal of ten of the 13 appliances
 - Budget surplus resulting of £0.4m in 2016-17; and
 - Officer Option 2:
 - Remove all 13 appliances
 - Changes to the Fire Rescue Unit (FRU) establishment
 - Balanced budget resulting in 2016-17.
- 1.5 The Committee agreed the following:
- “(2) Recommends that the Authority approves the budget submission to the Mayor that includes:
- (a) Savings proposals of £5.1m in 2016/17 as set out in Appendix 3;
 - (b) Further change proposals totalling £8.1m; and
 - (c) A draft 2 year capital plan, prudential indicators and borrowing limits for 2016/17 to 2017/18, with a draft capital budget in 2016/17 of £58.8m as set out in table 13;

- (3) (a) Instructs officers to complete the modelling of alternate crewing based on the optimal disposition of resources with the least impact on fire cover to achieve the allocated savings target together with any other work needed to support an informed decision on alternate crewing and on the chair's other proposals for presentation at the next full Authority meeting;
- (b) Instructs officers to conduct an in-depth review of senior officer numbers, roles, and responsibilities as part of the budget round for 2017/18 to establish what savings can be made towards that year's budget cuts target; and
- (c) Recommends that the Authority consider the various operational and other change options for 2016/17 in addition to Appendix 3 at its next meeting and decides which to include in the budget submission to the Mayor;
- (4) As proposed in paragraphs 49-51, the Resources Committee recommends that the Authority agrees an extension to the Fifth London Safety Plan until such time as the Sixth London Safety Plan is approved by the Authority, noting that revisions to commitments and agreement of targets for 2016/2017 will be dealt with as set out in paragraph 51;
- (5) The Resources Committee recommends that the Authority agrees to start public consultation on all alternative savings proposals recommended by the Authority for consultation including those set out in table 5 at paragraph 33 on Monday 7 December 2015 or as soon as can be practicably arranged; and
- (6) The Resources Committee instructs officers to bring to the next meeting of the Authority detailed proposals as to how the public consultation referred to at recommendation 5 above should be conducted."

1.6 On 18 November 2105 the Mayor's Chief of Staff wrote to LFEPA to state that:

"The Mayor has noted that three budget options were presented to the 12 November meeting of LFEPA's Resources Committee prior to further consideration of the options by Members at the 2 December LFEPA meeting. The Mayor has asked me to make the following points on his behalf:

- The Mayor welcomes the initiative shown by the Chair of LFEPA's Resources Committee in putting forward his own budget option;
- The Mayor notes the Commissioner's initial set of comments on that option and also that further work is required in formulating that option prior to the 2 December meeting;
- The Mayor is pleased to note that there appears to be consensus among Members on the need to find the level of savings set out in his budget guidance;
- The Mayor expects that LFEPA's public consultation exercise on the budget options – due to take place in December and January – will at the very least present two options (the option favoured by the Chair of Resources Committee, which is likely to be backed by a majority of LFEPA Members on 2 December, and the option favoured by the Fire Commissioner);
- The Mayor expects that the consultation will be conducted in a fair and neutral manner;
- The Mayor asks Members to note that his commitment is to fund LFEPA so as to avoid any further major frontline realignment over the lifetime of the Fifth London Safety Plan (LSP5) and requests that Members use that form of wording when assessing the compliance of budget options with his commitment;
- The Mayor notes that the budget option put forward by the Chair of LFEPA's Resources Committee, as currently stated, requires the application of £2.2m from reserves in order to achieve a balanced budget for next year (mainly as a result of the savings proposals not having a

full year effect in the first year) and will seek the GLA's chief finance officer's advice on the admissibility of this item should it remain a component of the budget option being proposed;

- The Mayor requests that, throughout the process, LFEPA continues to comply with the public sector equalities duty and other relevant statutory obligations, as set out in the Mayor's supplementary budget guidance; and
- The Mayor will seek the professional advice of the Fire Commissioner and of the GLA's and LFEPA's chief finance officers in assessing any budget proposals emerging from the process."

1.7 On 2 December 2015 LFEPA met to consider its three principals budget options for 2016-17, as per paragraph 1.4 above. LFEPA agreed the following:

"3. As recommended by the Resources Committee, the Authority approves the budget submission to the Mayor that includes:

a) savings proposals of £5.1m in 2016/17 as set out in Appendix 3;

b) further change proposals totalling £8.1m; and

c) a draft 2 year capital plan, prudential indicators and borrowing limits for 2016/17 to 2017/18, with a draft capital budget in 2016/17 of £58.8m as set out in table 13.

4. As recommended by the Resources Committee, and proposed in paragraphs 49-51, the Authority agrees an extension to the Fifth London Safety Plan until such time as the Sixth London Safety Plan is approved by the Authority, noting that revisions to commitments and agreement of targets for 2016/2017 will be dealt with as set out in paragraph 51.

5. That in light of the FBU's decision to suspend strike action until at least June 2017, the Securitas crews providing cover be stood down, at a saving of £1.7 million pa, with immediate effect;

6. That the Chair of Resources' proposals be adopted as the Authority's preferred proposals for the budget and the Mayor so informed;

7. That officers write to the Mayor, seeking amendments to the Mayoral Directions

a) to permit the return to stations of 2 of the 13 pumps currently off the run due to the pension dispute in light of the suspension of the FBU's strike action; and

b) to enable the consultation on the budget to refer to a reduction of 11 or 8 pumps instead of 13 or 10 in the officer options;

8. That

a) the consultation be on the basis of two options: namely -

- i) that of the Chair of the Resources Committee (amended in accordance with his proposals in paragraph 2.2 and 2.3 of recommendation 1 above) as the Authority's preferred option; and
- ii) the officers' proposal 2, as amended to reflect the reduction in pumps to be removed if the Mayor so agrees;

and

b) that details and text of all materials to be distributed or otherwise used in the consultation be approved by members, if necessary at an A and U Committee, to include text written by the Chair of the Resources Committee and/or Deputy Chair of the Authority, so as to ensure the 'level playing field' instructed by the Mayor."

1.8 On 3 December 2015 the Mayor's Chief of Staff wrote to LFEPA to state that:

"The Mayor has asked me to respond on his behalf and to make the following points:

- The Mayor welcomes the £1.7m per annum saving generated by standing down the Securitas crews, following the FBU's commitment not to pursue further strike action in the short term;
- The Mayor is of the view that the £1.7m annual saving should not be utilised at present, particularly while considerable uncertainty around future Government grant levels persists;
- Consequently, the Mayor does not agree that two of the 13 pumps should be brought back to immediate operational use at fire stations;
- The strong performance of the London Fire Brigade over the last few years – a period in which the 13 pumps have not been in operational use at the Brigade's fire stations – indicates that they are not needed in the short term and may not be needed in the longer term;
- The Mayor expects LFEPA's consultation on budget options, due to commence on 7 December, to be based on two options: (i) LFEPA Members' preferred option (as proposed by the Chair of LFEPA's Resources Committee); and (ii) the Commissioner's preferred option (involving the 13 pumps not being brought back to operational use at fire stations);
- The Mayor agrees that the third option (removal of ten pumps) should be omitted from the consultation exercise;
- The Mayor is concerned by the wording of the LFEPA motion agreed on 2 December with regards to consultation and reiterates the need to present the two options in a balanced manner with equal weight given to each option;
- The Mayor is particularly perplexed as to why LFEPA Members would feel the need to reword consultation questions drafted by LFEPA officers – surely there is no suggestion from Members that there is bias being employed by officers?; and
- The Mayor will seek the professional advice of the Commissioner and of the GLA's and LFEPA's chief finance officers in assessing the budget options emerging from the consultation process."

1.9 LFEPA ran a consultation process from 7 December 2015 to 1 February 2016 on its two principal budget options for 2016-17 (reduced from three options at the Mayor's request – see paragraph 1.8 above). LFEPA also hosted four public meetings in different locations across London. There was also one online meeting. There were 1,478 responses to the consultation. The paper reference FEP2551A to the 17 February 2016 LFEPA meeting set out the themes emerging from those responses and provided a full commentary from the Commissioner. A substantial majority of consultation responses preferred the option put forward by the Chair of the Resources Committee, and expressed concerns about the alternative option particularly in relation to safety, response times and "future proofing" having regard to contingencies such as possible future terrorist activity in London.

1.10 The Mayor having carefully considered the consultation responses, on 11 February 2016 his Chief of Staff wrote to LFEPA setting out the decision at which the Mayor had arrived, notwithstanding the views of the majority of those responses:

"The Mayor has asked me to write to you in relation to the London Fire and Emergency Planning Authority's (LFEPA) budget for 2016/17. The context for doing so is the recently issued LFEPA paper (FEP2551A) on this topic which is being presented to LFEPA's full authority meeting on 17 February. In addition the Assembly's final meeting on the Mayor's budget for the GLA Group for 2016/17 will be held on 22 February.

The LFEPA paper refers to two principal options:

- Option A: recommended by the Chair of LFEPA's Resources Committee; and
- Option B: recommended by the Commissioner and reflecting his professional advice.

By way of background, and comparing the calendar year 2015 with 2010, it is apparent there have been significant reductions in activity levels for the London Fire Brigade (LFB) over the last five years:

- Incidents have reduced by 21% across London;
- Fires have reduced by 24% across London; and
- Fire related deaths have reduced by 41% across London.

Furthermore, in the two and a half year period in which the 13 appliances have been held back from the frontline as a contingency in case of strike action, the Brigade has continued to meet its target response times for incidents across London and to do so quite comfortably. Indeed the removal of the 13 appliances would maintain the level of operational frontline cover in place at the time of the introduction of the Fifth London Safety Plan (LSP5).

Another important factor to consider is the financial savings which LFEPA needs to make in future years. Even under the more financially prudent option, Option B, and after factoring in the impact of the savings planned for 2016-17, an additional £9.1m in savings are still forecast to be required for 2017-18 with a further £7.5m for 2018-19 (£16.6m in cumulative terms). The need to make these further savings highlight a number of important points:

- A financially prudent approach needs to be adopted to LFEPA's medium term financial planning;
- Some further frontline realignment will be required under the Sixth London Safety Plan (LSP6) but it can be mitigated by adopting an appropriately cautious approach now; and
- LSP6 would be a more appropriate mechanism to develop and implement an operational change as significant as alternate crewing, particularly when the impact of removing the 13 contingency appliances held back as a contingency is already known from two and a half years of operational performance.

As a result, and after contrasting the relative strengths of Option A and Option B, the Mayor strongly supports the officer recommendations set out in the paper; those recommendations being in support of the Commissioner's preferred option, Option B. This is primarily on the grounds of financial prudence. The Mayor notes that Option B brings with it some additional benefits:

- An increase in capacity for the Fire Rescue Units (FRU) in the order of 72 uniformed posts;
- A recurring revenue saving on pensions estimated at £0.4m from 2017/18 thus bolstering future budgets; and
- The establishment of a community safety reserve of £1m for use in 2016/17 to support the most vulnerable in the community.

The Mayor also notes that:

- The paper includes a comprehensive analysis of the consultation responses and provides a commentary on the issues raised by respondents;
- LFEPA will agree its detailed budget next month; and
- The recommendations set out in the paper would require a number of months to be implemented in full.

In the light of the issues set out above, the Mayor is minded to direct LFEPA (should it prove necessary following the decision taken at the 17 February LFEPA full authority meeting) to adopt

Option B proposals. The Mayor is keen to hear LFEPA Members' views on these issues prior to proceeding with any direction."

- 1.11 On 17 February 2016 LFEPA met to consider the responses to its consultation exercise and its budget for 2016-17 in that light. LFEPA agreed the following:

"1. Takes note of the memorandum from the Resources Committee from its 14th January meeting; and in particular that:

The committee believes that operational changes are best introduced, so far as possible, as part of a comprehensive package consequent on the outcome of the full LSP6 review to take effect in the year 2017/18, and therefore considers that any operational changes for 2016/17 should be kept to the absolute minimum required to produce a balanced budget;

with which opinion the Authority concurs and considers to be achieved by option A; notes that the savings target has been substantially reduced since first identified; and that option A produces a balanced budget for 2016/17;

2. Recognises and takes note of the overwhelming public support across London in the consultation for Option A;

3. Takes note that the Mayor is minded to direct the Authority to adopt option B as set out in his Chief of Staff's letter of 11th February to the Chair;

4. Also notes however that the letter on behalf of the Mayor makes no direct response to the outcome of neither the public consultation nor the Resources Committee memorandum and does not respond to the arguments set out therein;

5. Therefore resolves that option A should be adopted for the next financial year, as adjusted to reduce the level of cuts required as set out in paragraphs 15 to 18 of the supplementary report, the effect of which on operational appliances will be

- a) to alternate crew 4 (instead of 5) aerial appliances and 2 OSUs
- b) to avoid the need for the original option A proposal to alternate crew some FRUs
- c) to avoid the need to cut the 13 front line pumps as set out in option B

6. Instructs officers to consider how further resources can be identified during the forthcoming year to create a one off payment into a Community Safety Investment Reserve, for example from any underspend in 2015/16;

7. Instructs officers to advise the Mayor of these recommendations and to invite him to reconsider his proposed course of action in light of them."

- 1.12 On 18 February 2016 the Mayor's Chief of Staff wrote to LFEPA to state that:

"I have spoken to the Mayor and he has carefully considered not only the views expressed by LFEPA Members but also the responses to the consultation exercise and the Commissioner's detailed notes on those responses. Having done that, the Mayor's views very much remain those I expressed on his behalf in my letter of 11 February. The key issues from the Mayor's perspective are:

- There has been a substantial reduction in the number of fire related incidents in recent years, lessening the burden placed on the London Fire Brigade (LFB);
- LFB continues to meet – quite comfortably – the targets it has been set for first and second appliance response times across London;

- Operational performance has remained strong over the last two and a half years, a period in which the 13 appliances have not been available for regular frontline use;
- There are significant financial savings to be found on fire for 2017/18 and 2018/19; and
- The Commissioner has expressed his professional opinion on the resources required by LFB.

As a result, the Mayor intends to direct LFEPA to adopt the budget option put forward by the Commissioner and preparations are underway to do that.”

Mayoral direction

- 1.13 For the reasons set out in paragraph 1.12 above, the Mayor has decided to direct LFEPA in the form set out below and repeated in the appended direction:

“To adopt the budget option put forward for the Authority for 2016-17 by the London Fire Commissioner, as set out in paper FEP 2551A to the 17 February 2016 meeting of the Authority and referred to as Option B in that paper, which comprises:

- A reduction of 13 appliances and associated establishment reductions;
- An increase to the Fire Rescue Unit establishment of 56 Watch Manager A and 16 Firefighter posts;
- A one off payment into the Local Government Pension Scheme fund of £3.5m, which will result in an ongoing saving of £0.4m from 2017/18, subject to confirmation from the scheme actuary; and
- A one off investment into a community safety investment reserve of £1m, which will be spent by 31 March 2017.”

2. Equality comments

- 2.1 Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities must have due regard to the need to:
- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2.2 The obligation in section 149(1) is placed upon the Mayor, as decision maker. Due regard must be had at the time a particular decision is being considered. The duty is non-delegable and must be exercised with an open mind. The Mayor must have an adequate evidence base for his decision making, and therefore should carefully consider the equality analysis conducted by LFEPA which forms Appendix 7 to paper FEP 2551A to the 17 February 2016 LFEPA meeting.
- 2.2 On the basis of this analysis, the Mayor is content that equality issues have been adequately considered as part of the process of considering budget options for LFEPA for 2016-17. In particular the equality analysis does not identify clear and substantial adverse impact of his decision on any protected group. Any potential impact which it has been suggested could arise is, in the Mayor’s view, outweighed by the benefits of proceeding in accordance with the appended direction.

3. Financial comments

- 3.1 There are no financial issues arising directly for the GLA from this decision form.
- 3.2 The financial issues arising for LFEPA from its consideration of its budget options for 2016-17 are considered in Section 1 of this decision form.

4. Legal comments

- 4.1 Under section 328A(1) of the Greater London Authority Act 1999 (the GLA Act) the Mayor may issue general and specific directions to LFEPA as to the exercise of its functions.
- 4.2 Section 328A (5) provides that in exercising the power of direction, the Mayor must have regard to each of the following:
 - a. The Fire and Rescue National Framework prepared under section 21 of the Fire and Rescue Services Act 2004; and
 - b. The fire safety enforcement guidance under article 26 of the Regulatory Reform (Fire Safety) Order 2005.
- 4.3 Section 328A(4) provides that the Mayor must send a copy of the direction to the Fire Commissioner.

5. Investment & Performance Board

- 5.1 This approval falls outside the terms of reference of the Investment & Performance Board.

Appendices and supporting papers:

Appendix A: Covering letter from the Mayor

Appendix B: Direction to LFEPA

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

Until what date:

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Tom Middleton has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Tom Middleton has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Martin Clarke has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Sir Edward Lister has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. D. Allen

Date

26.2.16

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Edward Lister

Date

26:02:2016