

## REQUEST FOR MAYORAL DECISION – MD2508

### Title: London Fire Commissioner Medium Term Financial Plan and Reserves Strategy

#### Executive Summary:

As part of the 2019/20 budget process for the London Fire Commissioner (LFC), a Reserves Strategy and Medium-Term Financial Plan for the Commissioner have been prepared. This is in accordance with the requirements of the National Framework for the Fire and Rescue Service in England which provides that fire and rescue authorities must “publish their reserves strategy on their website, either as part of their medium-term financial plan or in a separate reserves strategy document”.

The Greater London Authority Act 1999 requires these documents to be reviewed by the Fire, Resilience and Emergency Planning (FREP) Committee of the London Assembly and to be subsequently approved by the Mayor of London before being published.

The London Fire Commissioner Governance Direction 2018 requires LFC to consult the Deputy Mayor for Fire and Resilience on any document that is prepared and published by the LFC in accordance with the Fire and Rescue National Framework and which is to be approved by the Mayor.

The Deputy Mayor for Fire and Resilience reviewed the draft Strategy and Plan in report LFC-0133 (Appendix 1) at the Fire and Resilience Board meeting of 19 March 2019.

The FREP Committee considered these documents (Appendix 2 and Appendix 3) at its meeting on 23 May 2019, writing to the Mayor on 21 June 2019 (Appendix 4).

The Mayor is now asked to approve the Strategy and Plan.

#### Decision:

In accordance with the requirements of the Greater London Authority Act 1999, the National Framework for the Fire and Rescue Service in England, and the London Fire Commissioner Governance Direction 2018, the Mayor of London:

Approves the London Fire Commissioner Reserves Strategy and Medium-Term Financial Plan, acknowledging the consideration of drafts of both documents at the meeting of the London Assembly's FREP Committee on 23 May 2019.

#### 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:

15/8/19

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. As part of the 2019/20 budget process for the London Fire Commissioner, and in accordance with the governance requirements of the Greater London Authority Act 1999 (GLA Act), the National Framework for the Fire and Rescue Service in England (the Framework), and the Mayor's London Fire Commissioner Governance Direction 2018, a Reserves Strategy and Medium-Term Financial Plan (MTFP) for the Commissioner have been prepared.
- 1.2. In accordance with the Mayor's London Fire Commissioner Governance Direction 2018, the LFC must consult the Deputy Mayor for Fire and Resilience on any document which is prepared and published by the LFC in accordance with the Framework and which is to be approved by the Mayor. The Deputy Mayor for Fire and Resilience reviewed the draft Strategy and MTFP in report LFC-0133 (Appendix 1) at the Fire and Resilience Board meeting of 19 March 2019.
- 1.3. The GLA Act requires these documents to be reviewed by the FREP Committee of the London Assembly and subsequently approved by the Mayor of London, as they fall within the definition of a document prepared in accordance with the Framework. The FREP Committee considered these documents at its meeting on 23 May 2019, writing to the Mayor on 21 June 2019 (Appendix 4). The Mayor is requested to approve the Strategy and Plan.

#### **2. Objectives and expected outcomes**

- 2.1. On the 8 May 2018, the Home Office published its updated 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, which include an integrated risk management plan (the London Safety Plan), an annual statement of assurance (published in November 2018) and its financial plans including an efficiency plan (published in 2016 covering up to 2020), a medium-term financial strategy and a reserves strategy.
- 2.2. As part of the 2019/20 budget process, a Reserves Strategy and MTFP were prepared, in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, to assist in decision-making and the ultimate approval of the 2019/20 Budget for the LFC. Draft versions of these documents were included in both the November 2018 Budget Submission to the Mayor and also the final 2019/20 Budget Report.

##### *Medium-Term Financial Plan*

- 2.3. The MTFP represents a key part of the LFC's decision-making process in financial planning for the future. The MTFP brings together all the known factors affecting the organisation's financial position and its financial sustainability into one place. The draft MTFP covers the four financial years to 2022/23 as set out in Appendix 2. The MTFP shows that the LFC is anticipating that there will be a budget shortfall of £18m by 2021/22.

##### *Reserves Strategy*

- 2.4. In setting the LFC's budget for the 2019/20 financial year, due consideration was given to both the robustness of the estimates used in preparing that budget and also the adequacy of the LFC's reserve levels. This was set out in a reserves strategy.
- 2.5. To meet the requirement of the Local Government Act 2003 in respect of the adequacy of reserves and to demonstrate compliance with the guidance on local authority reserves and balances issued by

CIPFA, but mindful of the requirements in the Mayor's Budget Guidance, the GLA and its functional bodies, including the LFC, must provide:

- i. a statement of policy on reserves and contingencies
- ii. details of all reserves and general balances
- iii. an analysis and explanation of the expected movements between the start and end of each year from 1 April 2018 to 31 March 2023
- iv. in the case of earmarked reserves held for purposes beyond 31 March 2020, an indication should be given as to when they are likely to be applied

2.6. That strategy is set out in Appendix 3.

2.7. The Strategy and the MTFP were approved by the LFC in report LFC-0133 (Appendix 1) for consideration by the Mayor and the Assembly. In accordance with the Governance Direction to the Commissioner (Part 2, 2.1(d)), the Deputy Mayor considered the Strategy and the MTFP at the Fire and Resilience Board on 19 March 2019, approving both for consideration by the FREP Committee and the Mayor.

2.8. The FREP Committee considered these documents (Appendix 2 and Appendix 3) at its meeting on 23 May 2019, writing to the Mayor on 21 June 2019 (Appendix 4). That letter, from the Chair, Assembly Member Dismore, said: *"At its meeting on 23 May 2019, the Fire, Resilience and Emergency Planning Committee formally received and noted the Reserves Strategy and Medium Term Financial Plan, and agreed that this form the recommendation to you, in accordance with the requirement set out at Section 327(I) of the Policing and Crime Act 2017."*

### **3. Equality comments**

3.1. The Public Sector Equality Duty, under section 149 of the Equality Act 2010, applies to the Mayor of London when making decisions. The duty requires the Mayor to have due regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
- b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

3.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

3.3. A full equality impact analysis of the budget proposals was undertaken and included within the budget papers (see Appendix 7 of the budget papers which are at Appendix 1 of this report). The Mayor should consider the equality impact analysis undertaken.

3.4. Staff savings proposed for the 2019/20 year were identified as five operational staff, one Station Manager and four Watch Manager Bs, who will be assimilated into other vacant operational posts. There is an increase of three Watch Manager As. The non-uniformed staff savings proposed currently identify three grade FRS B posts to be deleted. The two FRS B posts within Strategy and Risk (reference 33, minor staff restructure) are vacant.

- 3.5. The FRS B post that is proposed to be deleted (appendix 4 ref. 17, control admin staff) would need to be selected from one of the two FRS B established posts. The posts are filled by one male and one female with both post-holders being categorised as Black and Minority Ethnicity staff. Staff have been consulted on the proposal and management are currently looking to redeploy one member of staff subject to the redundancy and redeployment code.

#### **4. Other considerations**

##### *Sustainability*

- 4.1. The introduction of apprenticeships including the firefighter apprenticeship which will make use of the apprenticeship levy funds before they expire, supports the LFC Sustainable Development Policy to provide apprenticeships to our workforce.
- 4.2. The 20-year capital investment strategy identifies the costs associated with future fleet replacement programmes based on the current vehicle specification with inflation. The costs of achieving the 2030 zero emission capable fleet target as set out in the London Environment Strategy are yet to be included as both the technology and associated costs cannot be defined at this time.
- 4.3. Sustainability works identified in the LFC Capital Investment Ambition include works that will deliver carbon reduction through heating improvements, window replacements, air conditioning replacements and other essential works including rewiring and asbestos removal.
- 4.4. The Croydon Training Centre has been re-designed as a refurbishment and is expected to achieve the corresponding LFC target for 'BREEAM Very Good'. The planned size of the associated renewables installation has not been changed.

##### *Links to Mayoral Strategies and Priorities*

- 4.5. The LFC financial documents have been prepared in accordance with the budget guidance given by the Mayor to the functional bodies within the GLA Group. They also support delivery of the priorities for London as set out in the London Safety Plan.

##### *Risks and Opportunities*

- 4.6. None specifically arising from this Decision. The substantive risks and opportunities relating to the LFC's financial position were set out in detail in its budget.

#### **5. Financial comments**

- 5.1. Report LFC-0133 and the Reserves Strategy and MTFP for the London Fire Commissioner are prepared by the Commissioner's Assistant Director for Finance. The documents are based on the funding levels set out in the Mayor's Final 2019-20 Draft Budget which was approved without amendment by the London Assembly on 25 February 2019. The plans do not commit the Mayor to provide additional funding to LFC and, as a result, there are no new direct financial implications for the GLA.
- 5.2. In late June 2019 the Mayor issued his budget guidance to functional bodies, including LFC, to assist bodies in preparing their budgets for the 2020-21 financial year and beyond. As part of the 2020-21 budget process, functional bodies will begin preparing budgets on the basis of this guidance and will review existing plans, including the MTFP and Reserves Strategy.

#### **6. Legal comments**

- 6.1. The Policing and Crime Act 2017 amended the Greater London Authority Act 1999 (GLA Act 1999) by abolishing LFEPA and establishing the LFC as a corporation sole with the Mayor of London appointing

the occupant of that office. Under section 327D of the GLA Act 1999, the Mayor may issue to the LFC specific or general directions as to the manner in which the holder of that office is to exercise their functions.

- 6.2. Section 1 of the Fire and Rescue Services Act 2004 states that the LFC is the fire and rescue authority for Greater London. The LFC 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.
- 6.3. The statutory provisions relating to the setting of the LFC's budget are contained in the GLA Act. Schedule 6 of the GLA 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 LFC and for each of the other constituent bodies which make up the GLA's consolidated budget. The Mayor must consult the LFC 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.
- 6.4. Section 327G of the Greater London Authority Act 1999 states that:

*This section applies to a document which is prepared and published by the London Fire Commissioner in accordance with the Fire and Rescue National 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.*
- 2) *The Commissioner must, before publishing the document or any revision to it, send a copy of the document or revision in draft to the Mayor and the Assembly.*
- 3) *The Commissioner may not publish the document or any revision to it unless—*
- a) the Assembly has had an opportunity to review the draft document or revision, and make a report on it to the Mayor, under section 327I (1), and*
  - b) the Mayor has approved the draft document or revision.*
- 6.5. Furthermore, London Fire Commissioner Governance Direction 2018 dated 21 March 2018, sets out those matters, for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience.
- 6.6. Paragraph 1.1 (b) of London Fire Commissioner Governance Direction 2018 requires the LFC to seek the prior approval of the Mayor before "[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". Paragraph 6.1 (b) further states that, "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."
- 6.7. Paragraph 3.1 of the London Fire Commissioner Governance Direction 2018 further requires the LFC to consult the Deputy Mayor, "as far as practicable in the circumstances before a decision on any of the following is taken: a. Anything that requires the consent of the Mayor under Part 1 of this Direction; b. Anything that requires the consent of the Mayor under any enactment..."

- 6.8. Consequently, the Mayoral Direction requires the LFC to consult the Deputy Mayor for Fire and Resilience, as far as practicably possible, in advance of seeking the Mayor's approval to send the Reserves Strategy and MTFP to the Assembly.
- 6.9. The LFC may not then publish the final Strategy and MTFP before the Assembly has had an opportunity to review the draft documents and make a report on it to the Mayor and the Mayor has approved the draft.
- 6.10. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010. To this end, the Mayor should have particular regard to section 3 above of this report.

**Appendices and supporting papers:**

Appendix 1: Report LFC- 0133- 2019/20 Budget

Appendix 2: Medium Term Financial Plan

Appendix 3: Reserves Strategy

Appendix 4: Letter from Chair of Fire Resilience and Emergency Planning Committee to Mayor- 21 June 2019

## Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) 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 it has been approved or on the defer date.

## Part 1 - Deferral

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

If YES, for what reason:

Until what date: (a date is required if deferring)

## Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included 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:

Andrew Nathan has drafted this report in accordance with GLA procedures and confirms the following:

✓

### 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:

Fiona Twycross has been consulted about the proposal and agrees the recommendations.

✓

### Advice:

The Finance and Legal teams have commented on this proposal.

✓

### Corporate Investment Board

This decision was agreed by the Corporate Investment Board on the 12 August 2019.

## EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

13-08-19

Tom Middleton ON BEHALF OF MARTIN CLARKE

## CHIEF OF STAFF:

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

Signature

Date

13/8/2019.

D. Bellamy

