

London Fire Commissioner

STATEMENT OF ASSURANCE 2018/19

Introduction

1. The Fire and Rescue National Framework for England sets out a requirement for fire and rescue authorities to provide an annual Statement of Assurance, providing assurance to communities and government on financial, governance and operational matters. In addition, the framework says that authorities should say how they have had due regard to the:
 - expectations set out in their Integrated Risk Management Plan (IRMP). For London Fire Commissioner (LFC) this is the London Safety Plan; and
 - requirements included in the Framework.
2. The purpose of this statement is to satisfy the requirement to produce an annual statement under the National Framework. The statement also provides assurance against the Framework, and to the community of London and government, with respect to the areas highlighted above for the 2018/19 year (1 April 2018 to 31 March 2019). The National Framework in place for the period covered by this statement is the version issued by the government in May 2018.
3. The Statement of Assurance follows the format of the National Framework. It follows the six key headings in the Framework; Delivery of Functions; National Resilience; Governance; Achieving Value for Money; Workforce and Inspection, Intervention and Accountability.
4. The focus of this Statement is the year 1 April 2018 to 31 March 2019. This is the first statement of assurance which covers the arrangements put in place following the transfer of governance arrangements to the London Fire Commissioner (LFC) from the former London Fire and Emergency Planning Authority (the Authority).

Delivery of Functions

5. The National Framework outlines the requirements for fire and rescue authorities to provide assurance on operational matters.
6. Fire and rescue authorities function within a clearly defined statutory and policy framework. The key documents defining operational responsibilities for LFC are:
 - The Fire and Rescue Services Act 2004;
 - The Civil Contingencies Act 2004;
 - The Regulatory Reform (Fire Safety) Order 2005;
 - The Fire and Rescue Services (Emergencies) (England) Order 2007;
 - The Localism Act 2011;
 - The Fire and Rescue National Framework for England 2018; and
 - Policing and Crime Act 2017.

Our risk based approach

7. Each London Safety Plan (LSP) is supported by a risk based approach in order to plan emergency cover. The approach taken for the current Plan (i.e. the Plan in place for the period covered by this statement) was incorporated into the London Safety Plan under the 'Risk in London' section.
8. A number of considerations make up the Brigade's approach when deciding how to provide its service. This includes:-

- the principle of equal entitlement – in the event of a serious incident, each person should be entitled to expect a broadly similar response in terms of the resources deployed and the time taken to arrive;
- an understanding of risk in London based on the likelihood of an incident occurring and its consequences; distinguishing between likelihood and consequence, because, in general terms, different activities are carried out for each;
- the full range of incident types that the Brigade attends;
- incident trends – there is a strong, long-term, trend in nearly all types of incidents that demand a response from London Fire Brigade. There is a very strong relationship between where the Brigade has attended incidents in the recent past and where it attends incidents now;
- assessment of local risk – a risk tool that shows Londoners what the Brigade knows about their local area;
- targeting people at risk – using many information data gathering and analysis tools to identify and target those most at risk from fire; and
- London’s demography – understanding the relationship between the number of people and buildings in London and the number of emergency incidents.

Safety outcomes in 2018/19

9. Key performance indicators and targets are agreed as part of the London Safety Plan and are reviewed on an annual basis. All key LSP targets and commitments, as well as key projects, were subject to scrutiny and monitoring by the Directorate Boards and Commissioner’s Board.
10. The LFC refreshed its targets for 2018/19 as part of the current London Safety Plan (LSP2017). This information is available online in the annual end of year performance report on the London Fire website under ‘Information we publish’ (via the following link <https://www.london-fire.gov.uk/about-us/transparency/information-we-publish/>). Commentaries against performance can also be found in the performance reports to the Commissioner’s Board.
11. Overall, performance, and safety outcomes for Londoners, for 2018/19 reveals that the majority of indicators set as part of the London Safety Plan are on target. The key headlines are:
 - Total incidents attended by the London Fire Brigade in 2018/19 (104,839) increased slightly compared to the previous year (104,694).
 - The number of primary fires attended in 2018/19 (10,128) decreased slightly compared to the previous year (10,615).
 - The number of fires in the home (dwelling fires) continues to reduce (5,392) over the last year and is down 10 per cent over the last five years.
 - Over 82,102 home fire safety visits (HFSV) have been conducted and is well in excess of the target of 74,000 for 2018/19.
 - The number of arson incidents (i.e. all fires of deliberate motive) (3,261) saw a large reduction of 13 per cent compared to the previous year (2017/18), continuing the downward trend which commenced in 2017/18.
 - The total number of fire fatalities for 2018/19 based on the 10 year rolling average was 51. There were 38 fire deaths in 2018/19 which is lower than the 108 fire deaths in 2017/18. The 2017/18 figure includes the fire fatalities which occurred in the Grenfell tower fire on 14 June 2017.
 - The number of serious fire injuries (588) for 2018/19 decreased over the previous year (686). The previous year’s total included injuries as a result of the Grenfell Tower fire. The overall number of total injuries from fire continues to fall to 936 for 2018/19 which represents a 17 per cent improvement over the position five years ago (1,124 in 2014/15).

- Our headline indicator for primary fires in non-domestic properties (H3) focusses on those property types covered by the Regulatory Reform (Fire Safety) Order 2005 (RRO). There were 1,797 fires in these types of building in 2018/19, and this is a 9.5 per cent decrease over the end of year position for 2017/18 (1,986).
- The speed of attendance to incidents by both first and second fire pumping appliances continues to remain well within the performance targets (6 minutes and 8 minutes, on average, respectively). On average, a first appliance arrived at an incident in 5 minutes 13 seconds and a second appliance in 6 minutes 32 seconds. The first appliance arrived within 10 minutes on over 96 per cent of occasions. First appliance average arrival times have improved by 18 seconds since March 2016 and second appliance average arrival times have improved by 19 seconds over the same period.
- The number of unwanted calls (false alarms) caused by automatic fire alarms (AFAs) in non-domestic buildings (21,909) decreased by 0.5 per cent compared to the previous year (22,017- 2017/18). This means the indicator is off target although it should be noted that the target was revised to 20,000 in 2017/18. Compared to the year end position six years ago however, this still represents a reduction of 5 per cent (23,235 – 2013/14).

Grenfell Tower fire

12. On 14 June 2017, the Brigade received the first of multiple calls to a fire at Grenfell Tower in North Kensington. The fire affected all floors of the 24 storey building and was declared a major incident by the Brigade. The fire was the biggest incident and loss of life the Brigade has seen since the Second World War.
13. Phase One of the Grenfell Tower Inquiry, which focused on what happened on the night of the fire, ended in December 2018. During the Phase One hearings, 83 Brigade staff gave oral evidence with a further 262 statements read into the record.
14. Inquiry Chair Sir Martin Moore-Bick will now examine the evidence heard so far and produce his Phase One report, which is now due to be published in October 2019. Due to the scale of preparations required, the Chair has now indicated that Phase Two of the Inquiry will start in 2020. The Inquiry has now secured premises in Paddington, where the Phase 2 hearings will be held.
15. To alleviate the need for future inquests into the fatalities, the Inquiry is seeking to carry out an investigation into the deaths caused by the fire. Further details of how the Inquiry intends to fulfil this function are awaited.
16. The General Counsel's Department and the Brigade's Grenfell Tower Investigation and Review Team (GTIRT) continues to support the work of the Inquiry, police investigation and the Brigade's own learning and safety investigation into the fire. The Metropolitan Police and Inquiry are continuing to take statements from LFB staff and GTIRT is continuing to co-ordinate this work and provide information, support and guidance to staff.
17. GTIRT is a stand-alone investigative group that provides updates to the organisation, operating outside the established Brigade organisational structures but within the parameters of a Terms of Reference agreed by the London Fire Commissioner. However, so as not to risk compromising any criminal proceedings and given that the MPS has primacy for managing the investigation, the LFB is keeping the MPS Senior Investigation Officer (SIO) apprised of all aspects of its own review work.
18. The operational learning identified by the Brigade's internal investigation and preliminary report will be considered by the newly formed Grenfell Tower Improvement Board made up of the Brigade's principal managers and relevant Heads of Service. The Board will also consider and

respond to any recommendations from the Inquiry or learning arising from the Metropolitan Police investigation.

Fire safety

19. In addition to GTIRT, the Brigade's specialist fire safety teams have had an unprecedented level of engagement with the fire sector, standards bodies and government since the tragic Grenfell Tower fire. The Brigade continues to provide its unique expertise to drive evidence based change in the built environment where appropriate.
20. LFB officers seconded into the Home office via National Fire Chiefs council (NFCC) are working to assist with the fire safety consultations due out in 2019/20. The consultation will progress the work of HM Government's implementation plan and also look at a review of the Regulatory Reform (Fire Safety) Order 2005 (FSO). LFB officers are also working to ensure that the new regulatory framework proposed protects the most vulnerable and ensure that protecting firefighters is at the heart of the built environment. Part of this national work includes the development of national guidance and/or standards so that we are able in the future to assure our fire safety protection and prevention work against agreed benchmarks.
21. The Brigade also established the High Rise Task Force (HRTF) the week after Grenfell and to date have conducted in excess of 1,200 visits for high rise related work, including providing reassurance at residents meetings and co-ordinated visits with station based staff. A number of buildings in London now have simultaneous evacuation in place as a result of identified Aluminium Cladding Material (ACM) and/or general fire precautions issues.
22. In addition to the work of the HRTF, we continue to work closely with London Councils and seek to liaise on major consultations to share our experience, key concerns and identify areas of common interest. We also remain a standing member of the London Housing Directors' Fire Safety Group and Fire Safety Steering Group as these forums provide opportunities to influence and share information as well as providing updates as to the current status of the HRTF.
23. London Fire Brigade has long advocated the use of sprinklers and will continue to lobby for them as part of an appropriate package of fire safety measures. We know that they play an important role in reducing the devastating impact of fire on people, property, business continuity and the environment and assist firefighters in carrying out search and rescue operations by restricting the spread of fire.
24. We are urging the Government to take the recommendations from the Hackitt review on board quickly – including further consideration of the use of sprinklers and other automated fire suppression systems (AFSS). The Brigade has also issued its sprinkler position statement and has a dedicated officer working on providing information, raising awareness and supporting the strategy.
25. Under our core duty to promote fire safety, the Brigade has a long standing history of delivering a number of youth engagement, intervention and education schemes. The Brigade's children and youth programmes include a central core offer of the Education Team, Fire Cadets, Crossfire, Local Intervention Fire Education (LIFE) and Juvenile Fire setters Intervention Scheme (JFIS). The cadet scheme has also been expanded to all London boroughs thanks to additional Mayoral funding.
26. There are also a range of wider youth engagement schemes delivered at borough level including Junior Citizens, Prison-Me-No-Way, Safe Drive, Stay Alive (SDSA) and The Prince's Trust. We have also developed informative resources and self help tools for people who work with vulnerable adults such as carers and care agencies.

27. Other important areas of work includes providing arson prevention toolkits to our Borough Commanders and Dementia Friend training to our staff, with over 20 per cent of our staff now holding 'Dementia Friend' status.

Mutual aid agreements

28. Fire and rescue authorities must make provision to respond to incidents such as fires, road traffic collisions and emergencies within their area, and in other areas in line with mutual aid agreements. We refer to these arrangements as 'cross border' and resources that may be requested to deploy cross-border are mobilised under mutual aid arrangements provided for under sections 13 and 16 of the Fire and Rescue Services Act 2004 (FRSA).
29. The Brigade holds mutual agreements with all its surrounding fire and rescue authority areas. Incidents where there could be resources from two or more fire and rescue services are a relatively common occurrence between the Brigade and the six surrounding fire authorities namely – Hertfordshire, Essex, Kent, Surrey, Royal Berkshire, and Buckinghamshire. Brigade resources may also be mobilised cross border to 'standby' at neighbouring FRS stations. Deployments for 2018/19 show that the Brigade mobilised to 533 cross border incidents. This is an increase from 2017/18 (468). However, the number of incidents attended by neighbouring authorities for incidents in London, at 536, is a decrease over 2017/18 (833).
30. Charging neighbouring fire and rescue authorities for the use of Brigade resources under section 13/16 of the FRSA was introduced in April 2014. This has been reciprocated by our neighbouring fire and rescue authorities who also charge the Brigade for the use of their resources.

National Resilience

31. For the purposes of this document, national resilience is defined as the capacity and capability of fire and rescue authorities to work together and with other Category 1 and 2 responders to deliver a sustained, effective response to major incidents, emergencies and disruptive challenges, such as (but not limited to) those identified in the [National Risk Register of Civil Emergencies](#).
32. It refers to risks that need to be planned for on a strategic, national basis because their impacts and consequences would be of such scale and/or complexity that local resources would be insufficient, even when taking into account mutual aid arrangements, pooling and reconfiguration of resources and collective action.
33. The National Framework makes clear there is a need to plan for, and occasionally respond, to incidents of such scale and/or complexity. Thus, the Government retains strategic responsibility for national resilience, though, of course, it is heavily reliant upon local fire and rescue authorities in support of this. And so, the National Framework sets out the requirement of Fire and Rescue Authorities to work collectively but also with the Fire and Rescue Strategic Resilience Board to provide assurance to government that:
- Risks are assessed, plans are in place and any gaps between existing capability and that needed to ensure national resilience are identified;
 - Existing specialist national resilience capabilities are fit-for-purpose and resilient; and
 - Any new capabilities that fire and rescue authorities are commissioned to deliver by Government are procured, maintained and managed in the most cost-effective manner that delivers value for money whilst ensuring capabilities are fit-for-purpose and resilient.
34. The National Resilience Programme is one part of the Ministry for Housing, Communities and Local Government's contribution to the Government's Civil Contingencies Capabilities Programme. The strategic aim is to continue to enhance preparedness and resilience of the fire and rescue services in England and Wales by maintaining and improving the capability of the National Assets. The programme consists of a number of distinct capabilities. These are:

- Chemical, Biological, Radiological, Nuclear and Explosive CBRN(E);
- Urban Search and Rescue (USAR);
- Water and High Volume Pumping (HVP); and
- Command and Control.

35. Twenty per cent of the National Resilience assets are located within the Brigade area reflecting the importance of the capital city to national resilience in providing these capabilities to both the London region and the rest of the country.
36. The Brigade has a full USAR capability, as part of the resilience programme, for providing fire and rescue services with a national capability to respond and effectively manage large-scale structural collapses and heavy transportation type incidents. This national capability is designed to augment existing local and specialised planning arrangements within Brigades or regions. As part of this national capability, the LFB provides USAR trained personnel to respond to incidents outside of the Brigade area.
37. Assessment and assurance regarding the Brigade's National Resilience assets is exercised through the National Resilience Assurance Team (NRAT). The assurance process has been developed as a long term procedure to ensure that the fire and rescue services which have received National Resilience assets, achieve and maintain an efficient, robust and effective operational capability to respond to national and major emergencies. In previous years, this has centred on thematic reviews, including multi-capability and the dedicated use of equipment and vehicles. The assessment process has now changed to a three year rolling programme. At a high level, the process works as follows:
 - Year 1 – Self-assessment
 - Year 2 – Coordinated exercise with direct observation by NRAT
 - Year 3 – National or regional exercise.
38. The Brigade has recently completed year one of the programme. This was followed up with a visit from NRAT to sample the evidence submitted. As part of the self assessment process, the LFB identified areas that could be improved and developed an action plan to remedy the issues. This was accepted by NRAT.
39. Brigade staff also lead the fire and rescue service nationally in terms of the sector's role in the government CONTEST strategy. This involves working collaboratively with colleagues from the other blue light agencies as well as government departments to develop multi-agency operational capabilities for responding to a wide range of terrorist related threats. London has successfully introduced the concept of inter-agency liaison officers (ILOs) to UK fire and rescue services and the National ILO coordinator is a London officer. The Londoner Fire Commissioner is the National Fire Chief Council's Fire and Rescue Service Strategic Counter-Terrorism lead.

Business Continuity

40. There are a number of identified infrastructure and workforce related risks that are relevant to the Brigade. These can largely be divided into two categories: those risks that have the potential to place high levels of demand on the operational service (major incidents and emergencies) and those risks that have the potential to disrupt the service (business disruptions).
41. The Brigade has established business continuity arrangements in place. Since 2005 there has been a formal business continuity programme which has led to the successful identification of the activities that are critical to the organisation, enabled the exploration of the dependencies that exist between them and has assisted in the development and review of business continuity plans.

42. It is important that continuity arrangements are tested to assess their adequacy and to incorporate lessons learnt from testing to further improve plans. The Brigade testing and exercising programme consists of departmental table top tests, corporate exercises and specialised tests such as ICT disaster management procedures.
43. Following the unprecedented number of activations of the Brigade's Strategic Response Arrangements (SRA) during 2017/18, the Brigade has returned to a normal testing and exercising programme. These have included:
- A series of exercises based on the theme of personnel shortages conducted by the senior management team in June 2018;
 - A cyber security exercise delivered by the Metropolitan Police Service (MPS) to the top management group on 14 February 2019. The key aims of the exercise were to increase awareness of cyber security issues amongst senior management, and encourage managers to use their leadership, communication and problem solving skills to develop effective protective security strategies for the Brigade. The exercise facilitated by the MPS who have refined a university-developed 'Decisions and Disruptions' board game that provided an immersive experience for exploring the decisions that businesses need to make to protect their assets from modern day security threats, such as hacking and virus attacks

Business disruptions

44. Following an eventful previous year in terms of business disruptions, 2018/19 was not impacted in the same way. The level of disruption that occurred was more consistent with normal expectations, however it should be noted that the climate is beginning to feature more seriously as a factor in these disruptions. Below is an overview of 2018/19 in terms of major incidents that required an enhanced response and/or resulted in the Brigade standing up elements of its business continuity arrangements.
45. The first quarter of 2018/19 saw a prolonged period of warm, sunny and dry weather, with the temperature for most days just below the heatwave threshold of 30°C. As well as continuing to issue advice and monitor the number of fires and work as part of London Resilience Group (LRG) to get up-to-date advice, the Brigade also provided 36 staff crewing six appliances and three support vehicles to Lancashire Fire and Rescue Service to help tackle the moorland fires.
46. The hot weather continued into the second quarter of 2018/19 which had an impact on the number of incidents the Brigade attended (LFB attended 1,969 fires recorded as grassland, woodland and crops fires in June, July and August 2018 compared with 914 in 2017). The largest of these fires was on the 15 July on Wanstead Flats, more than 220 firefighters attended the scene and due to the dry conditions this represented the largest grass fire in the Brigade's history. Despite this, the incident did not require the strategic response arrangements to be stood up and was managed within the existing levels of resourcing.
47. The third quarter of 2018 covered Halloween, Bonfire night, Diwali and the festive period. This is traditionally a busy time for the Brigade in terms of number of incidents attended, particularly on bonfire night.
48. There were fewer incidents in 2018 for the period around bonfire night compared to the previous two years (398 incidents on the 5 November 2018 compared with 508 incidents in 2016). The Brigade was able to deal with these within usual planning assumptions, similarly there were no major incidents over the festive period that impacted on our service delivery.
49. However, despite a quieter bonfire night, in quarter three there were seven incidents attended by 12 pumps or more. While these incidents have an impact and are more challenging for Operations and Control staff, there was no impact from a business continuity perspective.

50. Quarter four was mainly dominated by preparations for Brexit. Prior to the agreement between the EU and UK government for an extension to Article 50 up to the 31 October 2019, the Brigade along with its partners agencies and London Resilience Group undertook a review of its position with respect to a variety of possible outcomes to Britain exiting the European Union. Potential issues identified involved supply chain disruptions, the workforce and civil unrest.
51. The Brigade set up a reporting tempo of daily situation reports, weekly Brexit Coordination meetings and bi-monthly Commissioner's Continuity Group meetings. This ensured we met reporting schedules set by LRG and Ministry of Housing, Communities and Local Government. This also acted a familiarisation and to some degree testing of reporting and SitRep systems which is a key part of the Brigade's Strategic Response Arrangements.

Contingency arrangements

52. In addition to the business continuity requirements of the Civil Contingencies Act 2004, fire and rescue authorities also have a statutory duty under Section 7 of the Fire and Rescue Services Act 2004 to "secure the provision of the personnel, services and equipment necessary to efficiently meet all normal requirements". To meet the requirements of this duty, there are contingency arrangements (emergency fire crew capability (EFCC)) to deploy emergency fire crews and fire appliances capable of delivering services within a defined concept of operations. These arrangements have not needed to be used during 2018/19.

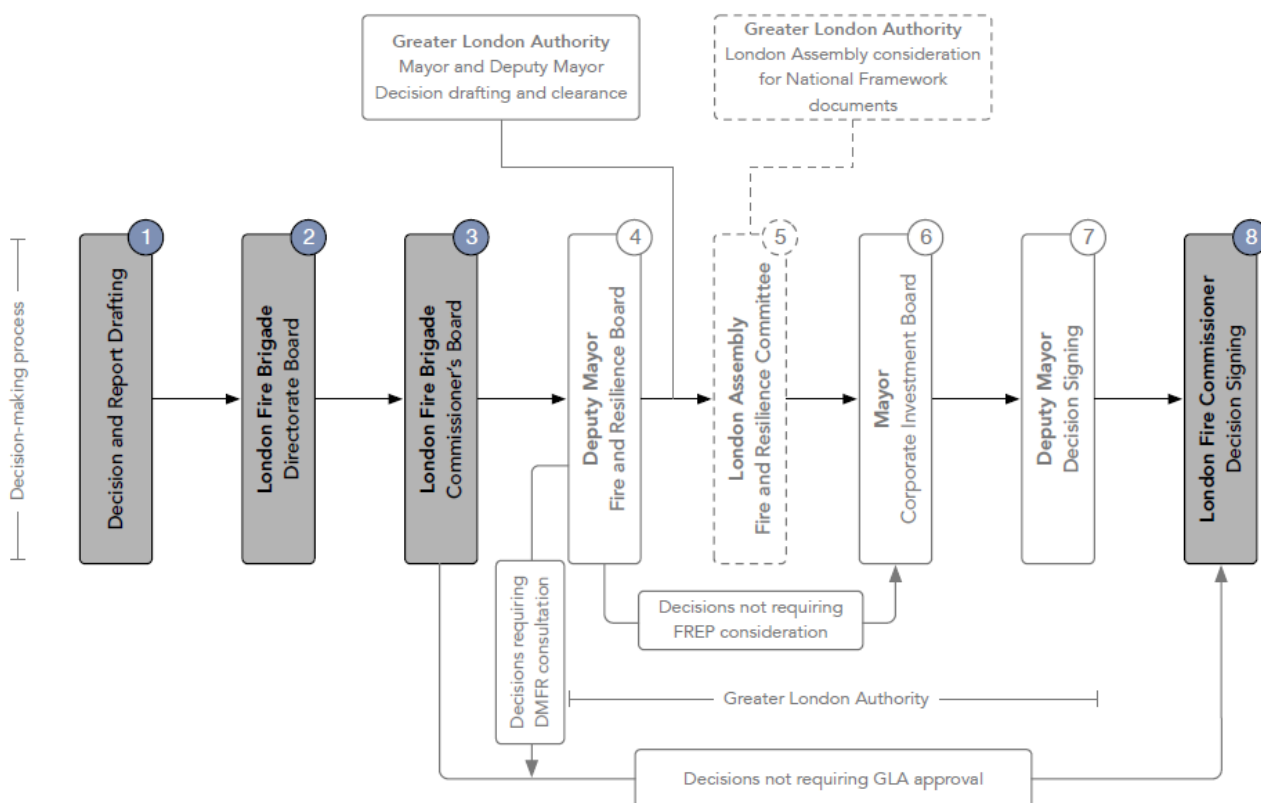
Governance

53. The LFC is a corporation sole that came into being on 1 April 2018, replacing the London Fire and Emergency Planning Authority (LFEPA). The Mayor of London issued a [London Fire Commissioner Governance Direction 2018](#) in March 2018 to set out those matters requiring Mayoral consent, those requiring the Deputy Mayor for Fire and Resilience's consent and those on which the Deputy Mayor for Fire and Resilience needs to be consulted. It also requires the LFC to adopt the Greater London Authority (GLA) corporate governance framework and to follow GLA practice on staff political restrictions, based on those in the Local Government and Housing Act 1989.
54. The LFC's governance framework is based on the CIPFA/SoLACE Delivering Good Governance *in Local Government Framework 2016* which requires the LFC to be responsible for ensuring that:
- business is conducted in accordance with all relevant laws and regulations;
 - public money is safeguarded and properly accounted for; and
 - resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.
55. This includes defining scrutiny arrangements; maintaining effective policies and procedures on whistleblowing and complaint handling (on the London Fire website); and engaging with all sections of the local community through community safety strategies and partnerships to ensure accountability. The LFC approved a new scheme of governance (*LFC-003*) on 1 April 2018 which incorporates an updated Corporate Code of Governance. The scheme sets out detailed governance arrangements for the Commissioner as the fire and rescue authority for London. It complies with the Greater London Authority (GLA) Group Corporate Governance Framework and is drafted to ensure that the high standard of governance and accountability achieved by the predecessor Authority is continued.
56. The system of internal control is also a significant part of the LFC's governance framework and is designed to manage risk to a reasonable level. It can not eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

57. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the LFC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Decision making framework and scrutiny

58. The London Fire Commissioner's decision-making framework is outlined below:



59. Steps one to three incorporate the LFC's internal decision making structures. Step four is required by the Deputy Mayor for Fire and Resilience to ensure that only approved business proceeds to the GLA for consideration. Step five is required for documents produced by LFC, including this statement, that fall under the national framework; these require a report and consideration by the Fire, Resilience and Emergency Planning Committee (as the proper instrument of the London Assembly). Steps six and seven are Greater London Authority (GLA) stages, required for a formal decision of the Mayor or Deputy Mayor for Fire and Resilience (DMFR) where the London Fire Commissioner has been required to consult or seek prior consent by the Mayor's London Fire Commissioner Governance Direction 2018. Steps six and seven are not needed in matters that require prior consultation, as opposed to prior approval. Step eight is the final stage in the process.

60. Scrutiny of the decision making framework is exercised through the Directorate Boards, the LFC's Commissioner's Board, the Deputy Mayor's Fire and Resilience Board, and the London Assembly via the Fire, Resilience and Emergency Planning Committee.

Review of effectiveness

61. The LFC uses a number of ways to review the effectiveness of governance arrangements. One of the key assurance statements, in reviewing effectiveness, is the annual report and opinion of the external auditors. Another significant element is the internal audit function conducted on behalf

of the LFC by the Mayor's Office for Policing and Crime (MOPAC). MOPAC is fully compliant with Public Sector Internal Audit Standards (PSIAS). During 2018/19, MOPAC reported on a number of areas, including all key financial systems. The internal auditors' opinion for 2018/19 was that, based on the areas audited, the LFC's internal control environment and systems of internal control were adequate. The end of year report detailing the work conducted by MOPAC can be located [here](#).

62. The preparation of an Annual Governance Statement to support the Annual Statement of Accounts is a statutory requirement for local authorities. Its purpose is to demonstrate and evidence that there is a continuous review of the effectiveness of the Authority's internal control, performance and risk management systems. The Annual Governance Statement is signed by the LFC. The latest statement for 2018/19 includes one action to review governance processes taking into account the Mayor's Office for Policing and Crime (MOPAC) advisory review of governance recommendations. The Annual Governance Statement forms part of the Statement of Accounts 2018/19 and can be found [here](#).

Transparency

63. The LFC met the mandatory data publication as set out in the DCLG Transparency Code (February 2015). There is a dedicated transparency page on the London Fire Brigade website [here](#) as well as a number of data sets on the [London Data Store](#), including data for all incidents attended and resources mobilised to those incidents since January 2009 (updated monthly). The web mapping tool ([here](#)) allows users to see the numbers of different types of incidents as well as attendance times for first and second fire engines down to ward level, and is updated monthly.

Integrated Risk Management Plan (London Safety Plan)

64. The Fire and Rescue National Framework sets out the requirement that each fire and rescue authority must produce an Integrated Risk Management Plan (IRMP) that identifies and assesses all foreseeable fire and rescue related risks that could affect its community, including those of a cross-border, multi-authority and/or national nature. The plan must have regard to the Community Risk Registers produced by Local Resilience Forums and any other local risk analyses as appropriate.
65. The LFC's London Safety Plan ([here](#)) – which is the LFC's corporate plan and Integrated Risk Management Plan as required by the government's fire and rescue service national framework – set out the LFC's plans for improvement in services to address the risks facing Londoners, together with the management arrangements required to implement them. The Plan in place for the period covered by this statement was approved by the former London Fire and Emergency Planning Authority on 30 March 2017 (*and adopted as the extant plan for the LFC on 1 April 2018*) and was developed to cover the period from 2017 to 2021. An inclusive approach was taken to the development of the Plan incorporating the ideas, views and contributions from as many people as possible. Details of the public consultation undertaken can be found in the covering report to the Plan (*FEP2723*). Key performance indicators and targets are included in the London Safety Plan.

Achieving Value for Money

66. All local authority accounts are required to adopt 'proper accounting practice' based on either statutory requirements or the Code of Practice on Local Authority Accounting in the UK (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). These specify the principles and practices of accounting required to prepare a Statement of Accounts that 'present a true and fair view'.

67. For the financial year, 2018/19, the Director of Corporate Services has provided an annual statement summarising and supporting the annual accounts. This summary and a copy of the accounts was approved and signed off by the LFC in July and are publicly available.
68. An independent audit of the accounts is undertaken by an external audit provider. For the year 2018/19, this work was undertaken by Ernst and Young LLP.
69. The external audit provider undertakes a review of the accounts and forms an overall opinion which is published by 31 July each year. This follows the statutory deadline for producing the accounts having been brought forward for the financial year 2018/19.
70. A copy of the statement of accounts report for 2018/19, along with the external auditor's opinion can be found [here](#).

Efficiency Plan

71. In March 2016 the Secretary of State for Communities and Local Government invited local authorities to publish locally owned and locally driven four year efficiency plans. An Efficiency Plan for LFEPA was subsequently agreed by London Fire and Emergency Planning Authority on 29 September 2016 for the period 2016 to 2020, which then also went on to form part of a GLA Group-wide Efficiency Plan. The planning assumptions included in that plan have been kept under review and progress against meeting the forecast budget gap was reported in the March 2019 Budget report (LFC-0133).
72. In addition to the efficiency plan, the LFC is also required to produce a medium term financial plan and a reserves strategy under the national framework. Both of these documents can be found as part of the March 2019 Budget report (LFC-0133).

Workforce

Operational competence

73. The LFC has a statutory duty to ensure that all operational staff were trained to undertake their role effectively and safely. Training requirements for operational staff include a number of generic core risk critical skills that all staff must develop and maintain. These core skills are set out in a formal Brigade policy - "The development and maintenance of operational professionalism" (DaMOP).
74. Training within the London Fire Brigade (LFB) is divided into two main areas:
- *Acquisition of skills training* – The initial learning phase. The Authority's external training provider is responsible for acquisition of skills training. This includes the training of newly appointed firefighters as well as the development of new skills for more experienced staff undertaking new or modified roles; and
 - *Maintenance of skills training* - Once the initial acquisition of skills training has taken place, it will be necessary for staff to practise their skills, knowledge and understanding, in conjunction with, and in addition to, their existing skills, knowledge and understanding. This 'practice' is what is referred to as maintenance of skills training.
75. The Brigade's Operational Improvement Process (OIP) is in place to support the maintenance of operational competence (this was formerly known as dynamic and intelligent operational training). OIP identifies and responds to risk-critical issues that have the potential to effect operational performance (and staff). The process monitors operational and training performance, identifying developmental trends and provides mechanisms, including the implementation of training interventions to support operational staff.

76. At the heart of the process is effective information gathering which allows crews, monitoring officers and specialist officers, to record and identify developmental trends arising from incidents and training events. Information is recorded that describes individual and team performance and captures the issues related to training, equipment and procedures. The Operational Professionalism Board, chaired by the Deputy Commissioner, Safety and Assurance receives regular reports summarising the information gathered, and makes decisions about changes to and new training interventions, as well as communication/awareness via the Operational News internal publication.
77. OIP is linked to DaMOP which sets out what is required to enable staff at stations to maintain their professionalism by continually developing their skills, knowledge and understanding. The OIP is closely aligned to the requirements of "HSG 65 - Successful Health and Safety Management" produced by the Health and Safety Executive.
78. A review of DaMOP (which commenced in 2018/19) is taking place, and will aim to deliver a new framework and internal assurance process that integrates local and centralised training (where appropriate) in order to ensure that the organisation and individuals in operational, Control and specialist roles are able to demonstrate maintenance of their professional competence. Improving our systems will be a key part of this project. Phase 1 of the project was implemented on 1 July 2019. It introduced a new interim framework of twenty core competency areas for all station based staff on pumping appliances. Lessons learned during phase 1 will be incorporated during Phase 2 of the review which will develop similar frameworks for Control and specialist roles. The review and full implementation of the new frameworks is scheduled for implementation in June 2020.
79. The Brigade is a learning organisation and continually strives to maintain and improve operational competence, and the DaMOP process is a central strand to this. The Brigade is also mindful of recommendations that may arise through formal inquiries and inquests. The past 18 months have been challenging for the Brigade in terms of the types of incidents it has faced, and this includes the Grenfell Tower fire and the Westminster and London Bridge terrorist attacks. As an active participant in the Grenfell Tower fire Public Inquiry, the Westminster Inquest, and the London Bridge Inquest, the Brigade will carefully review the outcomes and recommendations arising from each.
80. Matters of operational competence are reported regularly to the Commissioner's Board through standard performance reports. This includes trend reporting on health and safety events (RIDDORs), and training performance. An annual health and safety report was also provided to the Board in July providing a full overview of performance against key health and safety indicators. This included preventative initiatives and interventions, premises audits, occupational health, workforce liaison, and compliance and liaison with the Health and Safety Executive (HSE).
81. The number of **Safety events reported under RIDDOR** first dipped below 100 events three years ago (in 2015/16). These events are those more serious events required to be reported to the Health and Safety Executive (HSE), under the Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR) 2013. The figure for 2018/19 of 75 RIDDOR reportable injuries is an decrease over the figure reported for 2017/18 (82) and is a significant improvement over the high point of the last five years (134 in 2014/15). Additionally, as part of the development of the London Safety Plan (2017), officers have introduced new targets/context measures to specifically monitor key safety areas. This includes injuries on the incident ground and injuries to members of the public through road traffic collisions with brigade vehicles.
82. Officers are also able to confirm that the Brigade does not have many serious injuries (i.e. we

have very few 'specified' injuries under RIDDOR) and the incidents continue to mainly relate to slips, trips and falls and the moving and handling of operational equipment (as in previous years). The improvement reflects work by officers to improve health and safety awareness, including a premises slips and trips risk assessment programme to proactively identify and record slips and trips risks on Brigade premises.

83. However, the number of specified injuries reported under RIDDOR has increased. Seven injury events were reported as specified injuries during the period. Officers are working to identify how LFB can further target reductions in operational injuries.

Equalities Considerations

84. The Public Sector Equality Duty applies to the LFC in the exercise of its functions, including when it is making decisions about how to exercise its functions. The duty requires the LFC to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Equality Act 2010. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
85. 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).
86. The Brigade, under the leadership of the LFC, takes the Public Sector Equality Duty very seriously. As part of the Brigade's Inclusion Strategy, it was acknowledged that diversity of experience, skill and thought creates stronger teams and the strongest are those where that diversity is valued and contributes to the success of the team. That means diversity in terms of protected characteristics, but extends beyond that: every one of our staff should expect to be treated with respect and feel able to contribute effectively to their role, and they should treat others in the same way. The LFC's Inclusion Strategy promotes and advances non discrimination, equality and good relations both in its role as employer and in the delivery of its services. Detailed below are some examples of how the Brigade is working to promote equality and inclusion for all staff and for the people of London we provide services to.

Equality in the community

87. LFB carries out around 80,000 Home Fire Safety Visits annually and in addition to reducing fire risk, crews also ensure that referrals are made to specialist services such as safeguarding and to the Metropolitan Police (MPS) and/or London Ambulance Service (LAS) depending on the issue. Fire Safe and Well Visits are being carried out in five pilot boroughs in London and are focused on supporting the most vulnerable people in London and information has been distributed on behalf of the Met and LAS as part of these visits to raise awareness of specific issues e.g. bogus calling, cyber crime and flu jabs.
88. The LFB, LAS and MPS work together to support vulnerable young people through joint delivery at a borough and pan London level through cadets, junior citizens, "prison me no way" and youth boards.

Inclusion for our staff

89. The Brigade's Counselling and Trauma Service provides input into planning and implementing interventions to improve workforce mental wellbeing to supplement pre-existing interventions on physical wellbeing. Work is progressing with our training providers towards providing a desktop computer based training programme available to all employees to raise awareness and understanding of all mental health conditions. A training package aimed at assisting managers to recognise and manage stress, anxiety and depression is also progressing.

90. The Brigade has eight equality support groups, including a new mental health support group.

Equality in recruitment

91. One of the Brigade's key priorities is to increase the number of women and BAME members of the community joining the Brigade as trainee firefighters. The Brigade has undertaken research to understand the barriers that exist for some community groups joining the service. We have an Outreach Team who are engaging with BAME communities, particularly BAME females to create a talent pipeline into the firefighter role.

92. The Brigade is also developing a new Talent Management Framework to identify, recruit and retain new talent from diverse backgrounds. Work is also underway to explore new talent schemes and opportunities, such as creating a bridge from the Fire Cadet programme, tapping into the rich diversity of the cadet force. Firefighter development has now become an apprenticeship scheme and trainee firefighters now complete an 18 month apprenticeship managed by the Talent Team. We are working with a number of internal and external stakeholders to improve and shape our talent, recruitment and assessment processes for the future and to draw from a wider and more diverse talent pool.

Inspection, Intervention and Accountability

93. In July 2017, Her Majesty's Inspectorate of Constabulary's remit was extended to include inspections of fire and rescue services in England, and was renamed Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). As a result of this inspection, HMICFRS will assess and report on the efficiency and effectiveness of the 45 fire and rescue services in England.

94. The inspectorate will provide a crucial assurance function to consider how effective and efficient fire and rescue authorities are, how well they manage their people and whether they are fulfilling their statutory obligations. The inspectorate will also highlight good practice and identify areas where improvement is needed so that remedial or constructive action can be taken.

95. The inspection programme enables HMICFRS to draw together evidence from inspections of all 45 fire and rescue services in England. It will cover the efficiency and effectiveness of each fire and rescue service and how they look after their people. It will include an assessment of:

- a. The operational service provided to the public. This includes prevention, protection, resilience and response;
- b. The efficiency of the service. This includes how well it provides value for money, allocates resources to match risk and collaborates with the police and ambulance services; and
- c. The organisational effectiveness of the service. This includes how it trains its staff and ensures they have the necessary skills, how well it promotes its values and culture, ensures fairness and diversity for the workplace and develops leadership and service capability.

96. HMICFRS inspected all 45 fire and rescue services in England in three tranches of 15 services commencing in summer 2018. The London Fire Brigade is the last of the services in tranche three. The Brigade's two week inspection (fieldwork) visits commenced at the end of July 2019. It is anticipated that HMICFRS will publish the tranche three reports at the end of 2019.
97. The 'Fire and Rescue National Framework for England' states that fire and rescue authorities must give due regard to reports and recommendations made by the HMICFRS and if required *'prepare, update and regularly publish an action plan detailing how the recommendations are being actioned'*.
98. The Brigade will consider and act on any HMICFRS recommendations as appropriate. It is expected that the outcome from the inspection will feature in the next statement of assurance for the LFC.

Assurance Declaration

99. This statement functions as the LFC's Statement of Assurance under the Fire and Rescue Service National Framework. Officers are satisfied that the LFC's system of internal control fulfils the requirements of the National Framework., and that the LFC's financial and governance and operational assurance arrangements are adequate and operating effectively.

Andy Roe

London Fire Commissioner

Annex to the Statement of Assurance – Key evidence of compliance with the National Framework (2018)

Requirement		Compliance Evidenced by:-Source Documents/Processes
Section 2: Delivery of Functions¹		
Identify and assess	<ul style="list-style-type: none"> Every fire and rescue authority must assess all foreseeable fire and rescue related risks that could affect their communities, whether they are local, cross-border, multi-authority and/or national in nature from fires to terrorist attacks. Regard must be had to Community Risk Registers produced by Local Resilience Forums and any other local risk analyses as appropriate. 	<ul style="list-style-type: none"> London Safety Plan incorporating sections on: <ul style="list-style-type: none"> - Risk in London - Helping to make London safe - Responding in an emergency - Responding effectively (working with neighbouring brigades) Assessment of local risk London Resilience Group
	<ul style="list-style-type: none"> Fire and rescue authorities must put in place arrangements to prevent and mitigate these risks, either through adjusting existing provision, effective collaboration and partnership working, or building new capability. Fire and rescue authorities should work through the Strategic Resilience Board where appropriate when determining what arrangements to put in place. 	<ul style="list-style-type: none"> London Safety Plan Risk in London - Helping to make London safe - Responding in an emergency - Responding effectively (working with neighbouring brigades) London Blue light collaboration
Prevent and protect	<ul style="list-style-type: none"> Fire and rescue authorities must make provision for promoting fire safety, including fire prevention, and have a locally determined risk-based inspection programme in place for enforcing compliance with the provisions of the Regulatory Reform (Fire Safety) Order 2005 in premises to which it applies. 	<ul style="list-style-type: none"> LSP Commitments: LSP1, 2, 3, 4, 5, 6, 8, 9, 11, 12 Home Fire Safety Full Guide (on website) Essential reading for businesses and organisations (on website)
Respond	<ul style="list-style-type: none"> Fire and rescue authorities must make provision to respond to incidents such as fires, road traffic collisions and other emergencies within their area and in other areas in line with their mutual aid agreements. 	<ul style="list-style-type: none"> London Safety Plan - Responding in an emergency Cross border agreements (Section 13/16 agreements)
	<ul style="list-style-type: none"> Fire and rescue authorities must, so far as is practicable, enter into reinforcement schemes, or mutual aid agreements, with other fire and rescue authorities for securing mutual assistance. 	<ul style="list-style-type: none"> Cross Border agreements (Section 13/16 agreements) National resilience assets National operational guidance programme

¹ Section 1 of the National Framework (2018) is the Introduction

Requirement		Compliance Evidenced by:-Source Documents/Processes
	<ul style="list-style-type: none"> Fire and rescue authorities must have effective business continuity arrangements in place in accordance with their duties under the Civil Contingencies Act 2004. Within these arrangements, fire and rescue authorities must make every endeavour to meet the full range of service delivery risks and national resilience duties and commitments that they face. Business continuity plans should not be developed on the basis of armed forces assistance being available. 	<ul style="list-style-type: none"> Strategic Response Arrangements Corporate Business Continuity Policy Capitalguard London Local Authority Coordination Centre London Local Resilience Forum
Collaboration	<ul style="list-style-type: none"> Fire and rescue authorities must collaborate with other fire and rescue authorities to deliver intraoperability (between fire and rescue authorities) and interoperability (with other responders such as other emergency services, wider Category 1 and 2 responders and Local Resilience Forums) in line with the Joint Emergency Services Interoperability Principles (JESIP). Fire and rescue authorities must collaborate with the National Resilience Lead Authority to ensure interoperability is maintained for National Resilience assets. 	<ul style="list-style-type: none"> London Local Resilience Forum National Inter-agency liaison officer – LFB officer Inter-agency liaison offers (ILOs) JESIP NOL/JOL learning Joint statement of intent London blue light collaboration
Section 3: National Resilience		
National Resilience	<ul style="list-style-type: none"> Fire and rescue authorities must work with the lead authority to support the national resilience assurance processes in order to ensure capabilities are maintained at a high state of operational readiness. This includes co-operation of fire and rescue authorities, as necessary, on devolved training and, where applicable, on the long-term capability management arrangements. 	<ul style="list-style-type: none"> London Fire Commissioner - National Resilience Lead for CBRN(E)
	<ul style="list-style-type: none"> Fire and rescue services, through the NFCC's representation on the Strategic Resilience Board, must also work with Government to identify and address any national resilience capability gaps identified through ongoing analysis of the National Risk Assessment. 	<ul style="list-style-type: none"> London Fire Commissioner - member of FRSRB
Gap Analysis	<ul style="list-style-type: none"> Fire and rescue authorities' risk assessments must include an analysis of any gaps between their existing capability and that needed to ensure national resilience (as defined above). 	<ul style="list-style-type: none"> LSP commitment: LSP15 Operational Resilience Department Special Operations Group Assessment by NRAT

Requirement		Compliance Evidenced by:-Source Documents/Processes
	<ul style="list-style-type: none"> As part of their analysis, fire and rescue authorities must highlight to the Home Office or the Fire and Rescue Strategic Resilience Board, any capability gaps that they believe cannot be met even when taking into account mutual aid arrangements, pooling and reconfiguration of resources and collective action. 	<ul style="list-style-type: none"> LFB lead in CONTEST strategy
National Coordination and Advisory Framework	<ul style="list-style-type: none"> The National Coordination and Advisory Framework (NCAF) has been designed to provide robust and flexible response arrangements to major emergencies that can be adapted to the nature, scale and requirements of the incident. Fire and rescue authorities must proactively engage with, and support, the NCAF arrangements including the NFCC's lead operational role. 	<ul style="list-style-type: none"> Commissioner – member of NFCC LFB support for NFCC (and NCAF)
Response to Terrorist Attacks or Marauding Terrorist Firearms Attacks	<ul style="list-style-type: none"> Fire and rescue services must be able to respond to the threat of terrorism and be ready to respond to incidents within their areas and across England. Fire and rescue services should also be interoperable to provide operational support across the UK to terrorist events as required. Government recognises the critical contribution of fire and rescue services when responding to acts of terrorism. This is an agreed function of fire and rescue services as set out in the National Joint Council for Local Authority Fire and Rescue Services Scheme of Conditions of Service ("the Grey Book") and is encompassed within the broad descriptions within the existing agreed firefighter role maps: to save and preserve endangered life, and safely resolve operational incidents. 	<ul style="list-style-type: none"> Special Operations Group – Counter terrorism work streams
National Resilience Assurance	<ul style="list-style-type: none"> Fire and rescue authorities must continue to work collectively and with the Fire and Rescue Strategic Resilience Board and the national resilience lead authority to provide assurance to government that: <ul style="list-style-type: none"> existing national resilience capabilities are fit for purpose and robust; and risks and plans are assessed and any gaps in capability that are needed to ensure national resilience are identified. 	<ul style="list-style-type: none"> Commissioner – member of FRSRB LFB lead in CONTEST strategy National Resilience Assurance Team National resilience assets Exercise programmes – USAR, Unified Response Lambeth Blue Light Demonstration Day
	<ul style="list-style-type: none"> Fire and rescue authorities with MTFA teams must work with police forces and ambulance trusts to provide tri-service assurance of this capability. 	<ul style="list-style-type: none"> Operational Resilience officer seconded to National Counter Terrorism Policing Headquarters (NCTPHQ) National Inter-agency Liaison officers (NILO) work closely with CT Policing and other key agencies.
Section 4: Governance		

	Requirement	Compliance Evidenced by:-Source Documents/Processes
Managing the Fire and Rescue Service/Chief Fire Officer	<ul style="list-style-type: none"> Each fire and rescue authority will appoint an individual – commonly known as a Chief Fire Officer – who has responsibility for managing the fire and rescue service. This role does not have to be operational but includes managing the personnel, services and equipment secured by the fire and rescue authority for the purposes of carrying out functions conferred on it by the Fire and Rescue Services Act 2004, Civil Contingencies Act 2004, and other enactments. Each fire and rescue authority must hold this person to account for the exercise of their functions and the functions of persons under their direction and control. 	<ul style="list-style-type: none"> Mayor appoints LFC Deputy Mayor for Fire and Resilience Deputy Mayor’s Fire and Resilience Board Fire Resilience and Emergency Planning Committee
	<ul style="list-style-type: none"> The chief fire officer must, in exercising their functions, have regard to the fire and rescue authority’s Integrated Risk Management Plan and any set objectives and priorities which may be outlined in a strategic plan. The fire and rescue authority should give due regard to the professional advice of the Chief Fire Officer while developing the Integrated Risk Management Plan and when making decisions affecting the fire and rescue service. 	<ul style="list-style-type: none"> London Safety Plan LFB quarterly performance reports LFB commitments reports

	Requirement	Compliance Evidenced by:-Source Documents/Processes
Documents to be prepared: i) Integrated Risk Management Plan	<ul style="list-style-type: none"> Each plan must: reflect up to date risk analyses including an assessment of all foreseeable fire and rescue related risks that could affect the area of the authority; demonstrate how prevention, protection and response activities will best be used to prevent fires and other incidents and mitigate the impact of identified risks on its communities, through authorities working either individually or collectively, in a way that makes best use of available resources; outline required service delivery outcomes including the allocation of resources for the mitigation of risks; set out its management strategy and risk-based programme for enforcing the provisions of the Regulatory Reform (Fire Safety) Order 2005 in accordance with the principles of better regulation set out in the Statutory Code of Compliance for Regulators, and the Enforcement Concordat; cover at least a three-year time span and be reviewed and revised as often as it is necessary to ensure that the authority is able to deliver the requirements set out in this Framework; reflect effective consultation throughout its development and at all review stages with the community, its workforce and representative bodies and partners; and be easily accessible and publicly available. 	<ul style="list-style-type: none"> London Safety Plan - Section on Helping to make London safe, incorporating an integrated community safety programme, working smarter with people and businesses, wellbeing in the community, strategic partnerships to reduce risk, community safety investment fund. London Safety Plan - Section on Helping to make London safe, incorporating enforcing fire safety laws, understanding our approach, protecting heritage buildings in London, understanding complex buildings, high rise. London Fire website, hardcopies on request Consultation process (LSP covering report – FEP 2723) LSP - 4 year plan with review
ii) Annual statement of assurance	<ul style="list-style-type: none"> The statement should outline the way in which the authority and its fire and rescue service has had regard – in the period covered by the document – to this National Framework, the Integrated Risk Management Plan and to any strategic plan (e.g. the Fire and Rescue Plan – see 4.10 below) prepared by the authority for that period. The authority must also provide assurance to their community and to government on financial, governance and operational matters. For PCC FRAs, this statement is subject to scrutiny by the Police, Fire and Crime Panel. The name of this statement differs across governance models (e.g. in the case of PCC FRAs it is called the 'Fire and Rescue Statement' and in Greater Manchester the 'Fire and Rescue Declaration'). 	<ul style="list-style-type: none"> Statement of Assurance 2018/19 (this document)

Requirement		Compliance Evidenced by:-Source Documents/Processes
iii) Financial plans	<ul style="list-style-type: none"> A medium-term financial strategy, an efficiency plan and a reserves strategy. These can be combined or published separately. 	<ul style="list-style-type: none"> March - Budget report 2019/20
Section 5: Achieving Value For Money		
Achieving Value for Money	<ul style="list-style-type: none"> Fire and rescue authorities must manage their budgets and spend money properly and appropriately, and ensure the efficient and effective use of their resources, pursuing all feasible opportunities to keep costs down while discharging their core duties effectively. Fire and rescue authorities should regularly review the numbers and deployment of firefighters and other staff to ensure that their fire and rescue service has a workforce that is commensurate with the risks that they face. 	<ul style="list-style-type: none"> LFC's Scheme of Governance Budget process Quarterly budget reporting and monitoring Performance reporting Recruitment and selection
	<ul style="list-style-type: none"> Fire and rescue authorities must ensure that financial decisions are taken with the advice and guidance of the chief finance officer and that decisions are taken with an emphasis on delivering value for money to the public purse. Fire and rescue authorities should ensure that management of their finances is undertaken with regard to published guidance including those set out at Annex B (of the National Framework). 	<ul style="list-style-type: none"> LFC's Scheme of Governance Treasury management
Commercial Transformation	<ul style="list-style-type: none"> Each fire and rescue authority must demonstrate that it is achieving value for money for the goods and services it receives. Every fire and rescue authority should look at ways to improve its commercial practices including whether they can aggregate their procurement with other fire and rescue authorities and other local services (e.g. police) to achieve efficiencies. 	<ul style="list-style-type: none"> GLA Collaboration Board London Blue Light Collaboration
	<ul style="list-style-type: none"> Fire and rescue authorities must demonstrate and support national and local commercial transformation programmes where appropriate. Each fire and rescue authority should be able to demonstrate full awareness of the objectives to standardise requirements, aggregate demand and manage suppliers of products and services within their commercial arrangements. 	<ul style="list-style-type: none"> ESN programme PPE contract

Requirement		Compliance Evidenced by:-Source Documents/Processes
	<ul style="list-style-type: none"> Fire and rescue authorities must ensure that their commercial activities, be that the placement of new contracts or the use of existing contracts, is in line with their legal obligations, including but not limited to the Public Contracts Regulations, the Public Services (Social Value) Act 2012, the Modern Slavery Act 2015 and transparency commitments. 	<ul style="list-style-type: none"> LFB Procurement policies and procedures Contracts Management Team
Trading	<ul style="list-style-type: none"> Fire and rescue authorities must ensure any actions taken in respect of their trading companies are considered against the requirements of competition law. Any financial assistance – in cash or in kind – given by an authority that establishes or participates in it, should be for a limited period, set against the expectation of later returns, and re-paid by those returns. Any assistance should be provided under a formal agreement with the company and must be entered into for a commercial purpose. Before entering into such an agreement, the authority should satisfy itself that it will achieve its objective, and the company should satisfy itself that it will meet its objective in terms of its business plan. The parties should consider any State Aid implications and obtain their own expert advice where necessary. 	<ul style="list-style-type: none"> LFB – currently dormant
Section 6: Workforce		
Fitness principles	<ul style="list-style-type: none"> Fire and rescue authorities have an important role in helping to ensure their firefighters remain fit and are supported in remaining in employment. Each fire and rescue authority must comply with the fitness principles set out at Annex C (of the National Framework) 	<ul style="list-style-type: none"> Fitness policy
Re-engagement of Senior Officers	<ul style="list-style-type: none"> Fire and rescue authorities must not re-appoint principal fire officers after retirement to their previous, or a similar, post save for in exceptional circumstances when such a decision is necessary in the interests of public safety. Any such appointment must be transparent, justifiable and time limited. 	<ul style="list-style-type: none"> LFB recruitment policies
	<ul style="list-style-type: none"> To ensure greater fairness and the exchange of talent and ideas, all principal fire officer posts must be open to competition nationally, and fire and rescue authorities must take account of this in their workforce planning. 	<ul style="list-style-type: none"> LFB principal officer posts - advertised externally
Section 7: Inspection, Intervention and Accountability		

Requirement		Compliance Evidenced by:-Source Documents/Processes
Inspection	<ul style="list-style-type: none"> All fire and rescue authorities must cooperate with the inspectorate and its inspectors to enable them to deliver their statutory function. This includes providing relevant data and information to inform inspections. The Home Office and HMICFRS will work together to align data and information collections where possible to avoid duplication. 	<ul style="list-style-type: none"> Strategy and Risk internal inspection support team Provision of data to HMICFRS by Information Management
	<ul style="list-style-type: none"> Fire and rescue authorities must give due regard to reports and recommendations made by HMICFRS and – if recommendations are made – prepare, update and regularly publish an action plan detailing how the recommendations are being actioned. If the fire and rescue authority does not propose to undertake any action as a result of a recommendation, reasons for this should be given. When forming an action plan, the fire and rescue authority could seek advice and support from other organisations, for example, the National Fire Chiefs Council and the Local Government Association; and, for those areas where a PFCC has responsibility for fire governance, the Association of Police and Crime Commissioners. 	<ul style="list-style-type: none"> LFB's outcome report is anticipated to be due in late 2019
Accountability	<ul style="list-style-type: none"> Each fire and rescue authority must hold the individual who has responsibility for managing the fire and rescue service – an operational or non-operational Chief Fire Officer – to account for the delivery of the fire and rescue service and the functions of persons under their direction and control. In London, the Mayor of London must hold the London Fire Commissioner, as fire and rescue authority for Greater London, to account for the exercise of the Commissioner's functions. 	<ul style="list-style-type: none"> Deputy Mayor for Fire and Resilience Fire, Resilience and Emergency Planning Board meetings Fire and Resilience Board meeting Delegated authority arrangements Committee/Board constitution/Terms of reference

	Requirement	Compliance Evidenced by:-Source Documents/Processes
Transparency	<ul style="list-style-type: none"> Each fire and rescue authority must comply with their statutory transparency requirements. The nature of the requirements is dependent on the legal basis of the authority; for example, combined fire and rescue authorities would be subject to the Local Authority Transparency Code 2015 while PCC FRAs must comply with requirements under section 11 of the Police Reform and Social Responsibility Act 2011 and the Elected Local Policing Bodies (Specified Information) Order 2011. All fire and rescue authorities should therefore publish certain information, including: senior salaries; register of interests; staffing; income and expenditure; property; rights and liabilities; and decisions of significant public interest. Fire and rescue authorities must make their communities aware of how they can access data and information on their performance. 	<ul style="list-style-type: none"> Data and transparency arrangements - London Fire London Datastore

LFC Medium-Term Financial Plan

		2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Inflation and Medium Term Changes					
Inflation		10,310	8,133	8,258	8,537
MTFS Changes					
Operational Staff					
Changes to Staff on Development Rates of Pay	This change reflects the anticipated change in the profile of the operational workforce, which will shift to include a greater number of less experienced staff on lower pay rates, following increased recruitment levels. There are further changes to development rates of pay included in the Role to Rank project below.	126	343	1,195	(242)
Operational Pension Scheme Changes	This saving is achievable based on forecast numbers of staff in the current schemes, and the reduced costs as staff leave the older schemes and recruits join the new scheme. It also includes a forecast of 30 staff opting out of the scheme per year, based on current trends.	(373)	(318)	(290)	(290)
Pensions Auto Enrolment	These are potential additional employers pensions contributions from staff entering the pension schemes, as part of the governments auto enrolment scheme. This assumes that 40% of staff enrolled into the scheme stay in the scheme.	267	0	160	50
Role to Rank Project	The proposed investment will incur a net additional ongoing cost of £525k per annum for the LFB by the 2020/21 financial year, with £88k in 2019/20 and a further £437k in 2020/21. Critical performance improvements will also be delivered, including on-station officer-led training; and greater productivity from a significant reduction in standby movements for officers. It will also consensually resolve a long-running dispute, and its associated risks, with the trade union since the 2010 industrial action.	437	0	0	0
Trainee Firefighter Recruitment	These costs reflect the anticipated salary cost of trainee firefighters in each year.	(61)	(852)	211	169
Operational Staff Total		396	(827)	1,276	(313)
Other Staff					
Additional Payments into the Local Government Pension Scheme (LGPS) Fund and resulting on-going savings	Following the actuarial revaluation of the LGPS, savings generated were re-invested back into the scheme in order to reduce the deficit further. This is reversing the one off investment into the fund. The benefits of this will be reviewed as the results of the valuation 2019 become available.	(1,481)	0	0	0

		2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Local Government Pensions Scheme - Valuation	Savings following the valuation of the LGPS pension fund, to be reviewed following valuation 2019	(122)	0	0	0
Local Government Pensions Scheme - Past Service Deficit	This is the forecast 'inflationary' increase in the cost of the past service deficit payments on the Local Government Pension Scheme. These will also be reviewed as part of the valuation 2019.	224	0	0	0
FRS Vacancy Margin	The FRS vacancy margin was increased by £1m for the 2019/20 financial year. It is now proposed that this vacancy margin level is continued for 2020/21 only, after which £1m will need to be returned to the FRS staff budget in 2021/22.	0	1,000	0	0
Change in Expenditure funded from Specific Grants and Reserves	This reflects a reduction in expenditure from earlier years, that was previously funded from reserves for one off items.	(564)	(419)	(415)	0
Other Staff Total		(1,943)	581	(415)	0
Firefighter Pension Scheme					
Firefighters' Injury Pensions	This relates to inflation increases on injury pensions and assumptions around numbers in receipt of injury pensions.	195	203	211	220
Fire Fighters Ill Health	Revised Ill health costs based on an increase to the numbers being retired under ill health.	357	120	(83)	31
Firefighter Pension Scheme Total		551	323	128	250
Staff Related					
Apprenticeship Levy	An apprenticeship levy came into effect in April 2017, at a rate of 0.5% of an employer's pay bill. This levy has been transferred into a digital account and this saving reflects the use of the levy from 2019/20.	(225)	0	0	0
Local Government Pensions Scheme - Early Retirement Costs	This movement reflects ongoing reductions in the number of pensioners receiving these payments.	(30)	(30)	(30)	(30)
Training Contract	As stated in the Future Options for Training report (FEP1829X) the fixed fee element of the Training Contract will vary over the life of the contract..	(297)	245	(46)	554
Change in Expenditure funded from Specific Grants and Reserves	This reflects a reduction in expenditure from earlier years, that was previously funded from reserves for one off items.	(256)	(618)	(209)	0
Staff Related Total		(809)	(403)	(285)	524
Premises					
Business Rates	The forecast business rates requirement has been amended based on data received from Estates Management Consultant in December 2018.	91	212	217	222
Energy Costs - Electricity	The increased cost shown here is due to changes in the supply industry that has resulted in more fire stations being moved to more expensive contracts.	449	97	104	159

		2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Energy Costs - Gas	Gas budget funding reviewed and a 3% increase has been allowed for 20/21 and future years.	23	23	23	0
LFB Training Centre Croydon	The report on the Third Training Centre (FEP 2646) for the project now renamed "LFB Training Centre Croydon" states that there would be an ongoing revenue pressure of £0.6m in running costs.	0	50	550	0
New Premises contracts (hard and soft FM services)	The Property Services Review Report FEP2430 (item 39) identified the potential for a significant increase in costs for the provision of all works/services when tendering for new contracts. These increases are in addition to the 'inflationary pressures' submitted for Premises budgets.	149	158	0	0
Operations Support Centre	This reduction reflects the expected completion of the new Operations Support Centre and the budget reduction as a result of the closure of the previous building.	(100)	0	0	0
Rent payable at London Operations Centre (Merton)	A rent review for Merton LOC is due in February 2020 and will be based on yearly increase of 2.5% from the previous review date, resulting in a £384k pa increase. There will be a corresponding increase of £253k pa in the grant received from MHCLG. The net impact to the budget will be an increase of £131k from February 2020	120	0	0	0
Business Rates (Union Street)	Union Street Tenant - LAS have given notice to quit in March 2020. This has been reported as a risk with regard to potential loss of commercial income whilst the accommodation is vacant. However, the LFB will be liable for the business rates for the accommodation vacated by LAS whilst it remains vacant (LAS selected to pay rates direct to local council and this cost is not included in the rent). This is estimated to be about £115k per annum should the accommodation remain unoccupied for the entire year. There maybe an option to claim empty rates exemption for a short period and this will be investigated by the Estates consultant.	115	0	0	0
Reactive Building Fabric budget	After careful consideration of the demand and spend against this budget to date in 19/20 an estimated increase of £500k is proposed to provide a total budget provision of £1m in 20/21. It is not possible to contain this level of increase within the total approved budget for TSS/Property.	500	0	0	0
Change in Expenditure funded from Specific Grants and Reserves	This reflects a change in expenditure from earlier years, funded from reserves for one off items.	9	(150)	0	729
Premises Total		1,356	390	894	1,110
Transport					
Command Unit Replacement	This budget is to cover ICT, Training and slot price costs for the replacement Command Units, and implementation costs in the first year.	180	0	0	0

		2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Lease Car Charges	Increase in cost of insurance and subsidy for lease cars based on indexation and an increase in the number of cars in use through the scheme.	123	8	0	0
Additional Resilience Requirements	Ongoing Maintenance for additional resilience vehicles.	75	0	0	0
Change in Expenditure funded from Specific Grants and Reserves	This reflects a reduction in expenditure from earlier years, that was previously funded from reserves for one off items.	(938)	(1,089)	(40)	(152)
Transport Total		(560)	(1,080)	(40)	(152)
Supplies and Services					
Airwave Contract	This reflects ongoing inflation on the Airwave Contract.	51	54	56	58
Increase in Cadet Units to all London Boroughs	The Mayor has awarded LFC an extra £1.1m of funding for fire cadets to open 15 new units over 2 financial years. A review is currently taking place of all LFB youth services in order to make the delivery of this work sustainable going forwards.	(174)	(438)	0	0
MDT Support following removal of Airwave support	The re-negotiated Airwave contract has increased overall costs whilst removing this element of the service. As a consequence there is now an additional requirement for the ongoing support of the new devices deployed to the fleet. The increase over time reflects the increase anticipated to reflect the failures due to age and use of the equipment.	23	0	0	0
Replacement of Extended Duration Breathing Apparatus (EDBA) cylinders	This reflects the ongoing cost following the replacement of EDBA cylinders as they reached the end of their maximum design life.	26	0	0	0
Additional Resilience Requirements - EDBA	Ongoing Maintenance for increased numbers of Extended Duration Breathing Apparatus Sets	0	613	0	0
Additional Resilience Requirements – Wicking T-shirts	Wicking T shirts replacement costs	52	0	0	0
Additional Resilience Requirements – Legal Costs	Legal Costs related to the Grenfell Tower Investigation	(155)	(78)	0	0
Smartphones	General increase in demand for smartphones including a switch from Phone only contracts for lone workers to include data tariffs to allow access to data messaging services.	39	0	0	0
Mobile device management	In order to ensure compliance with Cyber essentials plus the Mobile device management tool used by LFB has been updated.	94	0	0	0
Microsoft Licensing	An increase in the user base for the Office 365 subscription products to include Trainee Firefighters, Trainers and Agency staff is required	19	0	0	0

		2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Microsoft Azure Services - Web Site	Maintaining production, test and development environments and ancillary services has increased the footprint of our Azure tenancy beyond that allowed for in the original project budget	30	0	0	0
Adoption of Paging App On Phones	The first year of this includes transitional costs including the development of the interface with the Capita system which could be funded from other sources potentially.	69	(59)	6	8
Change in Expenditure funded from Specific Grants and Reserves	This reflects a reduction in expenditure from earlier years, that was previously funded from reserves for one off items.	(323)	(1,416)	(329)	(1,487)
Supplies and Services Total		(250)	(1,324)	(267)	(1,421)
Third Party					
Change in Expenditure funded from Specific Grants and Reserves	This reflects a change in expenditure from earlier years, funded from reserves for one off items.	89	0	(89)	0
Third Party Total		89	0	(89)	0
Financing					
Change to LFC Financing Costs	This estimate is based on the borrowing costs required for the current capital programme. It is subject to review, both in respect of the forecast level of capital receipts and the actual expenditure requirements as individual projects are progressed.	309	1,061	0	0
Additional Resilience Requirements	Additional Borrowing Costs for additional items included in FEP2673	608	0	0	0
Revenue Contribution To Capital	This contribution will reduce borrowing requirements in the longer term and should be considered in context of the pressures set out in the Capital Strategy.	600	0	0	0
Financing Total		1,517	1,061	0	0
Contingency					
Additional Resilience Requirements	Staff costs related to Grenfell Investigation	(642)	0	0	0
Contingency Total		(642)	0	0	0
Income					
Insurance Company Income	These increases assume growth of 3.5% per annum going forward. This is in addition to savings that were agreed as part of the 2017/18 budget setting process.	(1,020)	(1,070)	(1,120)	(1,160)
Reduction in Shut in Lift charging	This adjustment reflects observed decreases in income and as the aim of this charge, to reduce demand, is realised.	10	10	10	10
Commercial Income - Paddington Canal and river Trust	The Canal and river trust have given notice to terminate their occupation of the car parking spaces at Paddington FS with effect from June 2019 this will result in a loss of £20,250 per annum	20	0	0	0

		2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k
Entrance Fees - Grotto Sports Pitch	As the entire Grotto site has been leased to Hadston the sports pitch has been removed and no further income from hire of facility will be received.	26	0	0	0
Commercial Income - Babcock Training Croydon	Babcock training have vacated the training building on 31st July 2019. This has resulted in an annual loss from this date	55	0	0	0
Interest Income	Increase in Interest income based on current investment returns.	(180)	0	0	0
Change in Expenditure funded from Specific Grants and Reserves		(98)	(58)	(54)	(8)
Income Total		(1,187)	(1,118)	(1,164)	(1,158)
Change in government grant income		(3,111)	21,732	0	0
Change in Use of Reserves		(1,769)	(12,541)	25,163	918
Changes to Savings and Growth in previous years		(281)	0	0	0
New initiatives and service improvements		6,038	(35)	(373)	(291)
Change to GLA funding		(6,995)	(8,339)	(8,733)	(9,109)
Savings and Efficiencies		(3,378)	390	(1,681)	(761)
Savings to be identified		0	(6,261)	(22,673)	1,865

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.
3. In May 2018 the Government published the New Fire and Rescue Services Framework which introduces 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 Plan 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, with £29.9m now held in the Budget Flexibility Reserve. The overall level of reserves is currently

high, but will reduce significantly over the planning period as included in current budget forecasts.

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 of the agreed funds are required then decisions would be sought on how any remaining balance is to be utilised.
 - **General Reserve** – usage from this Reserve is non-specific and is held to fund any unforeseen spending that had not been included in the base budget e.g. excessive operational activity resulting in significant additional overtime costs.
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.
10. It is also important to bear in mind that reserves are not the only way in which the financial risks are managed. Insurance cover is in place for a wide range of eventualities. In terms of this cover there is an insurance excess, with the LFC meeting the first £0.85m on claims up to the aggregate of £1.9m. This means that the LFC is insured for the totality of any claims over and above this aggregate level in any one year – the maximum hit under the policy excess therefore being £1.9m. These levels are determined in discussion with the General Counsel's Department and the aggregate figure of £1.9m represents a material improvement from the figure of £7.0m included for previous years under prior insurance arrangements.
11. This insurance is supported by provisions that are raised in the Statement of Accounts each year for potential uninsured events 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. The 2018/19 accounts included £11.3m of provisions. The majority of this was to account for backdated costs of the operational staff London Weighting agreement (£6.2m). The provisions also included £2.0m for motor insurance and £1.5m for legal provisions.
12. The LFC, via the GLA, also has potential access to the Bellwin scheme in particular circumstances for emergency financial assistance. The scheme is named after the late Lord Bellwin, a minister in the former Department of the Environment who introduced the scheme in 1983. It was given a statutory basis in Section 155 of the Local Government and Housing Act 1989. 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. However it should be noted that there is no automatic entitlement to financial assistance: Ministers are empowered under the Act to decide whether or not to activate a scheme after considering the circumstances of each individual case.

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 are however other schemes that the Government may provide in exceptional circumstances. For example the former Department for Communities and Local Government (DCLG) wrote on 19 August 2011 to Leaders of local authorities, and fire and rescue authorities, which were affected by the civil disturbances advising of a recovery package for communities, including new funding for local authorities and fire and rescue authorities which incurred additional costs because of the disturbances. The funding that was made available was at or below the Bellwin scheme threshold with funds nationally available of £10 million. LFC recovered £194k of funds through this scheme.

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

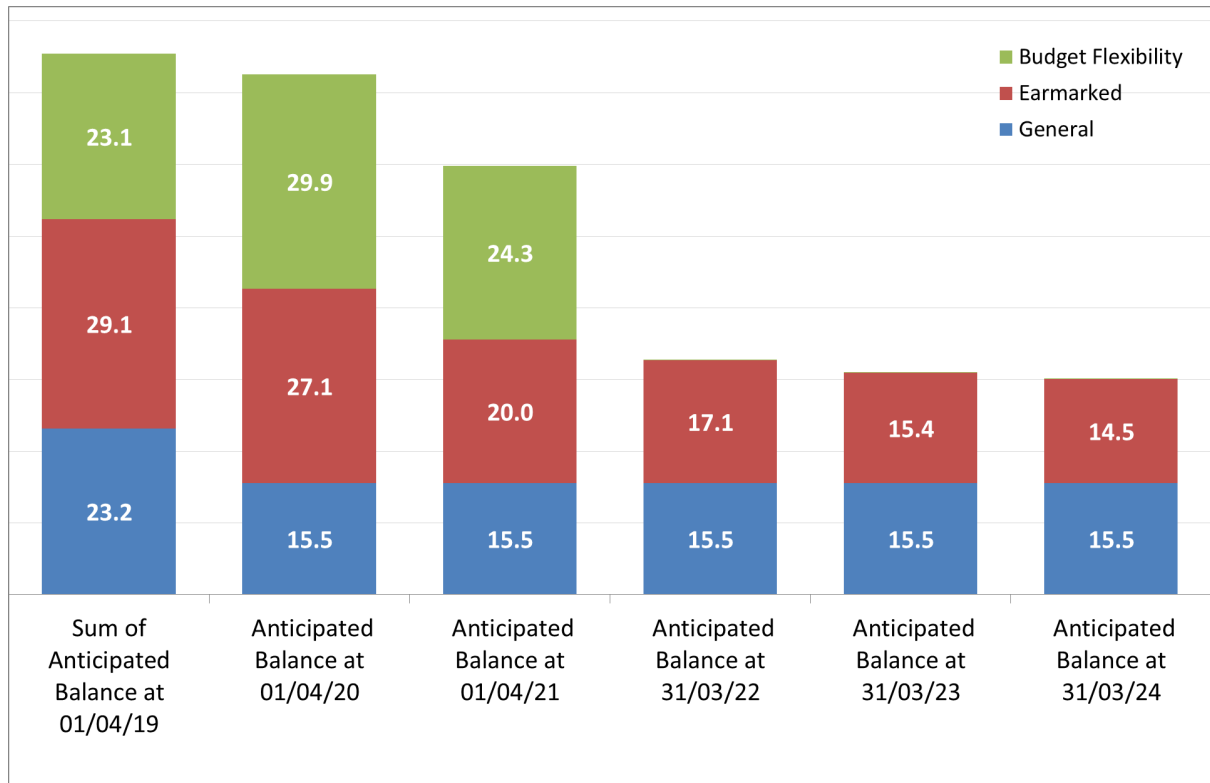
15. A well-managed multi-purpose authority will strive to maintain as low a level of General Reserve as possible, whilst still covering its financial risks. As a single-purpose authority, the LFC has no opportunity to use cross-service subsidies to meet unanticipated expenditure and so, proportionally, its General Reserve may be slightly higher than for a multi-purpose authority.
16. The LFC has a robust approach to managing risk and there are effective arrangements for financial control in place. That said, given the high level of influence that third parties, such as the Local Government Employers and Government departments have on its income and expenditure, there is always a risk that the LFC will unexpectedly become liable for expenditure that it has not budgeted for.
17. The LFC has set its level for the General Reserve at 3.5% of net revenue budget. This is lower than the 5% benchmark commonly used across the Fire Sector nationally . The minimum of 3.5% requirement is a challenging but not untypical position for an upper tier local authority, and it is considered that this is still a reasonable basis for forward planning.
18. After taking into account transfers agreed in the financial outturn report for 2018/19, the opening balance of the general reserve at the start of 2019/20 represented 3.2% of the LFC's net revenue budget but re-established at 3.5% during the financial year. Due to varying revenue budgets, maintaining a consistent level of General Reserve will result in the percentage varying over time, ie if an authority has an increasing budget a balance of 3.5% at year end could be less than 3.5% at the start of the new financial year.
19. The percentage measure is a useful control measure but is a rudimentary way of assessing the adequacy of the general reserve and a more meaningful approach is to develop a risk assessment. The LFC considers both measures as part of its annual Reserve Strategy.
20. A risk assessment of the adequacy of the LFC's General Reserve is carried out annually to determine the extent to which the LFC is exposed to uninsured and unbudgeted losses. The risk assessment for the coming financial year, 2020/21, has been prepared as part of the budget setting process and is shown in Appendix A. The impact and scale of potential short term losses has been estimated to be £28.7m, with £1.9m of this assessed as high risk.

21. Based on the forecast underspend of £1.0m, at Q2, the balance of the general reserve will be £15.5m at the end of 2019/20. Officers will continue to monitor the level of the General Reserve and consider if an additional transfer can be made into the Budget Flexibility Reserve as part of the review of the 2019/20 outturn position.

SECTION 3: Annual Review of Earmarked Reserves

22. 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. 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 FREP before approval in the final budget in March.
23. As part of the annual review of reserves 2019-20, Earmarked Reserves are presented in broad categories and analysed as outlined below.
- Reserves to cover **timing differences** – This includes reserves where funding has been received in previous financial years and these balances are held to meet the costs in future years. At the start of 2020/21 the balance of this group of reserves is anticipated at £20.3m and the forecast balance at the end of 2023/24 is £14.1m.
 - **Cost pressures** – This group of reserves is where money has been set aside from the revenue budget in previous years to fund projects or one-off expenditure that is uncertain in timing. At the start of 2020/21 the balance of the group of reserves is anticipated at £6.0m and the forecast balance at the end of 2023/24 is £0.4m.
 - **Emerging risks** – two reserves are held to cover potential risks in future years. These are for compensation and hydrants and the forecast balance at the start of 2020/21 is anticipated at £0.8m and is expected to be used in full over the next four years.

Chart 1: current reserve level and forecast balances



Appendix A – Risk Assessment of the Adequacy of General Reserves

1. The robustness of the current assessment of the adequacy of reserves is tested against the LFC's established and audited risk management arrangements by carrying out an evaluation of the potential financial impact of each of the relevant corporate risks materialising and assessing this against the likelihood of this given the control measures that are in place.
2. The current assessment of risk impact and likelihood once current controls have been applied highlights the areas where the financial consequences might be considered to be significant (if the risk materialised), and where these cannot be covered from existing provisions or insurance arrangements. A notable example is the cost of covering a significant business continuity event. Whilst the likelihood of this occurring is considered low given the application of our current controls, its impact would be significant.
3. It is therefore important to ensure that adequate financial arrangements are in place to meet the expected costs, whilst bearing in mind that these costs can only be estimated. For example the cost of using the contract for emergency cover for a few months in the event of a significant business continuity event may require a substantial drawing from reserves. However as experience has shown the net cost would depend upon the nature of that event, the proportion of the workforce included within it and the resulting level of any offsetting cost savings.
4. A summary of the current corporate risks that are assessed as having a potential financial impact, along with the estimate of that impact and examples of the types of events the risk covers, is set out in the table below. This shows both the estimated short term and long term financial impact. It also shows the estimated highest single drawing that might need to be made from reserves in both the short and long term. It should be noted that these can only be estimates based upon an informed judgement in the absence of any other detailed information.

Corporate Risks

Corporate		Total		Highest Single Drawing	
Risk Level	Type of risk	Short Term	Long Term	Short Term	Long Term
High	Impact of Grenfell inquiry on public confidence/ safety, threat of terrorism, effect of cyber attack, ineffective contractual and non-contractual training.	£1.9m	£6.0m	£1.0m	£6.0m
Medium	Industrial relations, impact of Grenfell inquiry on staff wellbeing, capacity to delivery change, death or serious injury, ineffective budget planning, failure of mobilising system, adult safeguarding not effective, insufficient support for staff wellbeing, impact of major incidents, high sickness levels, operational vacancies, training requirements not met, contractual failure, inclusion strategy fail.	£22.8m	£26.3m	£5.3m	£10.0m
Low	HMIC results affect public confidence, impact of Brexit on service delivery, pandemic outbreak.	£4.0m	£0.0m	£4.0m	£0.0m

5. 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 £28.7m. However this needs to be considered against the probability of more than one significant risk materialising in any one year.
6. 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.
7. The table shows that £26.8m of the total short term exposure is assessed as low or medium with the remaining £1.9m as high risk. So while the total risk exposure is above the LFC's currently assessed minimum level of reserves (£15.5m based upon the proposed 2020/21

budget), this needs to be considered against the probability of all these risk events occurring. The highest estimated single drawing in the short term is for £5.3m.

Conclusion

8. 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. For LFC the combination of a maximum insurance liability of £1.9m in any one year, the current availability of £11.3m in provisions to cover known or expected events, the availability of earmarked reserves, and a generally prudent approach to cost estimation and budgeting indicates that a general reserve level of 3.5% (£15.5m) can currently be deemed to be adequate given the corporate governance and control arrangements in place across the organisation.

Appendix B – Projected Reserve Balances over Medium Term Financial Plan Period (2020-2024)

	Anticipat ed Balance at 01/04/20	Use of Reserves in 2020/21	Use of Reserves in 2021/22	Use of Reserves in 2022/23	Use of Reserves in 2023/24	Anticipat ed Balance at 31/03/24
General Reserve	15,539	0	0	0	0	15,539
Budget Flexibility	29,930	(6,601)	(23,329)	0	0	0
Earmarked Reserves						
Timing Difference						
Capital Expenditure Reserve	11,745	0	0	0	0	11,745
Central Programme Office	746	(373)	(373)	0	0	0
ESMCP/ ESN project	2,174	(329)	(585)	(1,260)	0	0
Fire Safety and Youth Engagement	1,031	(674)	(193)	(83)	(75)	5
LFC Control Centre	729	0	0	0	(729)	0
LFC Museum Project	140	(70)	(70)	0	0	0
London Safety Plan Initiatives	3,699	(840)	(486)	0	0	2,372
Cost Pressure						
Additional Resilience Requirements	622	(209)	0	0	0	413
Emergency Medical Response	294	(294)	0	0	0	0
ICT Development Reserve	1,893	(1,252)	(541)	(100)	0	0
London Resilience	865	(865)	0	0	0	0
Organisational Reviews	327	(239)	(89)	0	0	0

Recruitment/ Outreach	250	(250)	0	0	0	0
Sustainability	235	(235)	0	0	0	0
Vehicle & Equipment Reserve	1,506	(1,075)	(221)	(181)	(29)	0
Emerging Risk						
Compensation	459	(250)	(209)	0	0	0
Hydrants	367	(120)	(120)	(127)	0	0
Grand Total	72,552	(13,675)	(27,614)	(1,752)	(833)	30,076

General Reserve

1. The general reserve provides working balances to help cushion the impact of uneven cash flows and a contingency to cushion the impact of unexpected events or emergencies. There are also a number of earmarked reserves. These contain funds that the LFC has agreed should be set aside for specific purposes. The table also shows how these reserves are moving over time. The earmarked reserves are considered further in the following paragraphs.

Earmarked - Budget Flexibility Reserve

2. The Budget Flexibility Reserve was set up in response to the Mayor's 2017/18 Budget consultation letter that requires the temporary boost to LFC's balances to be held to assist balancing future year's budgets, and is funded from budgeted savings in 2017/18 of £6.2m followed by an additional transfer in that year of £12.5m identified during that year. The reserve was also supplemented by a further £4.4m in 2018/19 from further savings. This will be used to support the budget position over the current planning period to 2022/23. An additional transfer into this reserve will be considered as part of the review of the 2019/20 outturn position.

Earmarked – Timing Differences

3. The Capital Expenditure Reserve was created based on the funding received from the GLA in relation to the sale of Southwark. This will be paid back to the GLA and the process for making this payment is being discussed.
4. The Corporate Programme Office is an NFCC function hosted by LFC. This reserve is based on funding exceeding spend in 2019/20 and as spend increases over the next two years, this funding will be used to balance the cost of the programme.
5. 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. DCLG committed to provide grants to cover the reasonable cost of transition from the current Airwave service to ESN and it is expected the Home Office will provide similar guarantees. However, the full financial implications of implementation of the network are not yet known. It is proposed that this reserve is fully used by 2020/21.

6. The Fire Safety and Youth Engagement reserve was established in 2016/17 (FEP 2661) and is funded from the net contribution to overheads from the LFC's trading company, LFB Enterprises. This was later supplemented from contributions received to fund youth engagement activities. The reserve is to be used to support future youth engagement activities. It is currently forecast that the current balance on this reserve will be utilised by 2022/23.
7. The LFC control centre reserve has been set up in this report to fund any one-off shortfall in funding for the LFC Control Centre at Merton, after government funding expires. It will also support the one year cost of increasing the control rota as discussed in this report.
8. The LFB 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.
9. Under the new London Safety Plan a number of trials and pilots could be carried out in future financial years. LFC currently holds an earmarked reserve of £4.1m to aid in the implementation of any new operational delivery models over the life of the plan.

Earmarked – Cost Pressure

10. 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. Spend against this reserve will be reviewed as part of the 2018/19 outturn position and funding released back to the general reserve if no longer required.
11. 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 Brigade and is forecast to be fully used in the 2018/19 and 2019/20 financial years.
12. 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.
13. The London Resilience reserve was established to manage the costs of the implementation of new London Resilience workstreams between financial years. These workstreams are now well established and any unused funds held in this reserve will be released back to the general reserve as part of the review of the 2018/19 outturn.
14. The Organisational review reserve was created as part of the 2018/19 outturn report and includes £150k for a review of the property services function and £177k for the building safety programme.
15. 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 for a period of two years (£550k), and the development of new advertising campaign materials arising from the recent firefighter recruitment market research exercise in 2017/18 (£50k). It is forecast that this reserve will be fully used by the end of the 2019/20 financial year and then closed.

16. The sustainability reserve was set up to deliver the LFC's programme of investment in enhanced energy efficiency and renewable technologies, the spend is expected to be completed in 2019/20.
17. The vehicle and equipment reserve includes funding of £2.0m for the ultra low emission fleet programme, £670k for alterations to vehicles to comply with the Ultra Low Emission Zone (FEP2687) and £60k to retrofit some LFB non-frontline vehicles with hybrid diesel/hydrogen alternatives to further reduce the environmental impact of the LFB fleet (FEP2661). It is expected that this reserve will be fully used by the end of 2022/23.

Earmarked – Emerging Risks

18. The compensation reserve was set up during the 2011/12 budget process(FEP 1698). The aim of this reserve is to move financial risk out of the annual revenue budget. Previously the budget had contained a budgeted sum for compensation – which is unpredictable, and which will therefore often significantly under or over spend. This reserve will be used to fund compensation claims in excess of budgeted amounts. Its level has been kept under review for adequacy.
19. The hydrants reserve (FEP1698) was set up during the 2011/12 budget process. This is to deal with payments for water companies catching up with a backlog of repairs that has built up over a number of years. It is difficult to predict the water companies' ability to catch up, 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 C – Extract from National Framework reference reserves

Reserves

5.6

Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 requires billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

5.7

Fire and rescue authorities should establish a policy on reserves and provisions in consultation with their chief finance officer. General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. This should be established as part of the medium-term financial planning process.

5.8

Each fire and rescue authority should publish their reserves strategy on their website, either as part of their medium term financial plan or in a separate reserves strategy document. The reserves strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should cover resource and capital reserves and provide information for the period of the medium term financial plan (and at least two years ahead).

5.9

Sufficient information should be provided to enable understanding of the purpose(s) for which each reserve is held and how holding each reserve supports the fire and rescue authority's medium term financial plan. The strategy should be set out in a way that is clear and understandable for members of the public, and should include:

how the level of the general reserve has been set;

justification for holding a general reserve larger than five percent of budget; and

details of the activities or items to be funded from each earmarked reserve, and how these support the FRA's strategy to deliver a good quality service to the public. Where an earmarked reserve is intended to fund a number of projects or programmes (for example, a change or transformation reserve), details of each programme or project to be funded should be set out.

5.10

The information on each reserve should make clear how much of the funding falls into the following three categories:

Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.

Funding for specific projects and programmes beyond the current planning period.

As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance)



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Andrew Dismore AM

Chair of the Fire, Resilience and Emergency Planning Committee

12 March 2020

Sadiq Khan,
Mayor of London

(sent by email)

Dear Sadiq,

Fire, Resilience and Emergency Planning Committee Meeting – 5 March 2020

I am writing to you with regard to the London Fire Commissioner's Statement of Assurance 2018/19, Reserves Strategy and Medium-Term Financial Plan, which was considered by the Fire, Resilience and Emergency Planning Committee at its meeting on 5 March 2020.

In accordance with Section 327(I) of the Policing and Crime Act 2017, the Committee is required to review and make a report or recommendation to the Mayor on any draft document that contains a statement of the way in which the Commissioner has had regard, in the period covered by the document, to the Fire and Rescue National Framework. This review must occur prior to the Mayor approving the draft document for publication.

At its meeting on the 5 March 2020, the Fire, Resilience and Emergency Planning Committee formally received and noted the draft Statement of Assurance 2018/19, 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. The Committee made comment that the next Statement of Assurance must include further information regarding the Grenfell Tower Phase 1 report and the HMICFRS report.

Yours sincerely

Andrew Dismore AM

Chair of the Fire, Resilience and Emergency Planning Committee