

MDA No.: 1584

Title: The 2024-25 GLA Group Budget – London Fire Commissioner

1. Executive Summary

1.1 At the Budget & Performance meeting on 8 January 2024 the Committee resolved that:

Authority be delegated to the Chairman, in consultation with the Deputy Chair and party Group Lead Members, to agree any output arising from the discussion.

1.2 Following consultation with party Group Lead Members, the Chairman agreed the Committee's letter to the Mayor of London regarding the 2024-25 GLA Group Budget for the London Fire Commissioner, as attached at **Appendix 1**.

2. Decision

2.1 **That the Chairman, in consultation with the Deputy Chair and party Group Lead Members, agrees the Committee's letter to the Mayor of London regarding the 2024-25 GLA Group Budget for the London Fire Commissioner, as attached at Appendix 1.**

Assembly Member

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

The above request has my approval.

Signature:



Printed Name: **Neil Garratt AM, Chairman of the Budget & Performance Committee**

Date: **25 January 2024**

3. Decision by an Assembly Member under Delegated Authority

Background and proposed next steps:

- 3.1 The terms of reference for this investigation were agreed by the Chairman, in consultation with party Lead Group Members and the Deputy Chair, under the standing authority granted to Chairs of Committees and Sub-Committees. Officers confirm that the report and its recommendations fall within these terms of reference.
- 3.2 The exercise of delegated authority approving the report will be formally noted at the Budget & Performance Committee's next appropriate meeting.

Confirmation that appropriate delegated authority exists for this decision:

Signature (Committee Services): Paul Goodchild

Printed Name: Paul Goodchild

Date: 19 January 2024

Telephone Number: 07842 600832

Financial Implications: NOT REQUIRED

Note: Finance comments and signature are required only where there are financial implications arising or the potential for financial implications.

Signature (Finance): Not Required

Printed Name:

Date:

Telephone Number:

Legal Implications:

The Chairman of the Budget & Performance Committee has the power to make the decision set out in this report.

Signature (Legal): 

Printed Name: Rory McKenna

Date: 23 January 2024

Email: rory.mckenna@london.gov.uk

Supporting Detail / List of Consultees:

- Krupesh Hirani AM;
- Caroline Russell AM;
- Caroline Pidgeon MBE AM.

4. Public Access to Information

- 4.1 Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website, usually within one working day of approval.
- 4.2 If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.
- 4.3 **Note:** this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral:

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

If yes, until what date:

Part 2 – Sensitive Information:

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

Lead Officer / Author

Signature: Gino Brand

Printed Name: Gino Brand

Job Title: Senior Policy Adviser

Date: 19 January 2024

Telephone Number: 07511 213765

Countersigned by Executive Director:

Signature:

A handwritten signature in black ink, appearing to read 'Helen Ewen', written in a cursive style.

Printed Name: Helen Ewen

Date: 22 January 2024

Telephone Number: 07729 108986



Neil Garratt AM
Chairman of the Budget and Performance Committee

Sadiq Khan
Mayor of London
(Sent by email)

25 January 2024

Dear Mr Mayor

I am writing to you on behalf of the Budget and Performance Committee, following its meeting on Monday 8 January 2024. During the meeting, we heard from your Deputy Mayor for Fire and Resilience, Fiona Twycross, the Commissioner for the London Fire Brigade (LFB) Andy Roe and LFB Director of Corporate Services Mostaque Ahmed.

The Budget and Performance Committee remains committed to fostering a transparent and accountable financial framework through the effective scrutiny of the GLA's finances. The five recommendations in this letter are intended to support and improve the next draft of your Budget for 2024-25, as well as seek clarity over the future of specific programmes.

Sustainable financial planning

The draft LFB 2024-25 budget shows a balanced budget for that fiscal year; however, it anticipates a deficit of £5.9 million in 2025-26 and £16.4 million in 2026-27.¹ Additionally, the budget highlights £20 million of the Fire Safety Improvement Reserve that will be used to address "Modern Firefighting and training requirements" in 2024-25 and 2025-26.² LFB's Director of Corporate Services, Mostaque Ahmed, updated the Committee on the use of reserves and emphasised the importance of future financial certainty and sustainability:

"We have used one of our reserves, the Fire Safety Improvement Reserve, for £20 million over the next two years. But we have also been clear that clearly that will require discussion with local and national Government about the long-term sustainability of funding that. We have been fortunate that we have that reserve for the two years, but

¹ [P7 2024/25 LFB Budget Submission](#), 24 November 2023

² [P2 2024/25 LFB Budget Submission](#), 24 November 2023

*that is an area which is, the scale of it, suggests a discussion around long-term funding.*³

Recommendation:

- 1. The Committee recommends that the LFB develops a business case for the additional funding required in future years. In response to this letter, the LFB should set out its timeline for developing this business case, and options for the source of this funding.***

Implementing the Independent Culture Review

The Committee discussed the LFB's adoption of the core recommendations from the 2022 Independent Culture Review.⁴ The review highlighted that:

“Women, Black, Asian and minority ethnic, LGBTQ+ and neurodiverse staff have experienced poor treatment and have done less well in their careers with [LFB]. Issues were also identified with leadership, and with staff fearing to speak out about abuse. Additionally, the report also included examples of behaviour towards members of the public which were completely unacceptable.”⁵

Following the Culture Review the LFB has committed to making sure that *“everyone in the Brigade [feels] valued, safe and accepted in their workplace and to put public service at the heart of what we do.”⁶*

The LFB's draft 2024-25 budget includes items that are part of the implementation of the Independent Culture Review (Programme 5 of the Community Risk Management Plan). The draft LFB 2024-25 Budget includes £2.85 million for this programme which is aimed at enabling personnel improvement (incorporating work related to the Independent Culture Review).⁷ Further details of plans and programme were shared with the Budget and Performance Committee on 8 January 2024 by the LFB Commissioner and the Director of Corporate Services, who stated:

“Programme 5 [...] includes some of those things, for example leadership training, the Disclosure and Barring Service (DBS) kind of vetting, uniform and associated people services transformation. But there is also work that has happened outside of Programme 5, recognising that culture needs to be embedded throughout the organisation in all departments. Therefore, for example, the figures around maternity pay were in our final budget for last year, they built into the base, it costs about £1.5 million a year going forward, therefore built that into our final budget last year.”

“Also, another example where we have investments related to broader cultural issues outside of the core Programme 5 is in information technology (IT). We have, in our investment proposals in the IT department, just over £400,000 to enable better service to colleagues who require reasonable adjustments, whether that is physical or

³ P15 Budget and Performance Committee, 8 January 2024

⁴ [Independent Culture Review of London Fire Brigade](#)

⁵ [Independent Culture Review of London Fire Brigade](#)

⁶ [Independent Culture Review of London Fire Brigade](#)

⁷ P10 [lfc-23-107-2024-25-budget-submission.pdf \(london-fire.gov.uk\)](#)

neurodiverse. It is about software changes, hardware accessibility, it is also about the service and support provided by the IT department, therefore that is a £400,000 ongoing investment.”⁸

The Committee appreciates the update from the LFB Director of Corporate Services regarding the investment and plans identified that are aligned to the Independent Culture Review. Given that many of the required reforms are intertwined with ongoing operational costs we appreciate that a precise breakdown of spending on the Culture Review implementation is challenging, However, it would be valuable to understand the overall investment in implementing the Culture Review for the 2024-25 year and planned spending in future years.

The Committee is grateful to the Commissioner for agreeing to supply these details. He said: “I think if we added up the totals we just gave you, it covers pretty much everything. But where it points to is the fact that, because it is across a number of areas, we should provide that in writing to you.”

Recommendation:

- 2. The Committee recommends that your Final Draft Consolidated Budget for 2024-25 includes the estimate that you agreed to supply in the Budget and Performance Committee of the direct costs in 2024-25 of delivering the recommendations of the 2022 Independent Culture Review and a list of what this figure included.***

Pay Award

The pay award for Fire and Rescue Staff in the current draft budget is three per cent.⁹ There is a risk that more will be required. The Committee was informed that whilst there is some input in pay negotiations for LFB salary, it is a decision determined by the National Joint Council in negotiation with the Fire Brigades Union. Therefore, there is no certainty at this stage on what the final pay award proposed will be. The LFB Commissioner highlighted that:

“...while we have a voice in that, we do not have a deciding voice. We are one of over 50 other fire and rescue services and we do not get additional weighting for our size. Therefore, we effectively have to negotiate with the sector before we even get to a position where the sector then negotiates with the Fire Brigades Union (FBU) in relation to firefighter pay. That process is complex with many voices in it. It is worth noting that the Local Government [Finance] Settlement (LGFS), while it has definitely meant we are well supported in London from the GLA, it is more contentious in other areas of the country. Therefore, I think it will be difficult for local authorities certainly to move beyond three per cent...what we have done is set a budget at a level in relation to inflation that we think is reasonable, takes into account the many other factors, including other people’s finance outside of London, but with the caveat that could be subject to change on the basis of national negotiation, and obviously we have seen that in other years.”¹⁰

The LFB Director of Corporate Services, added:

⁸P10, Budget and Performance Committee, 8 January 2024

⁹ P2, Budget and Performance Committee, 8 January 2024

¹⁰ P2, Budget and Performance Committee, 8 January 2024

“Each one per cent change in the pay assumption costs overall for the workforce about £4 million. Obviously, the bulk of that is firefighters, but if we assume that we follow a similar course for the non-operational staff. Therefore, that will be kind of the size of the impact. Obviously, if it ends up being more than three per cent, then for the final budget in March we would have to look at prioritising, if there was no additional funding.”¹¹

The Committee is concerned about what specific mitigation steps the LFB may adopt if the final salary settlement for LFB staff exceeds the anticipated three per cent in 2024-25. We received an update at the meeting on the potential need to reprioritise and reshape growth areas to accommodate any additional costs of the salary settlement, but we did not receive information on how this might impact services.

Recommendation:

- 3. The Committee recognises that the LFB are budgeting for a pay settlement with firefighters of 3 per cent and that each additional percentage above that will require an extra £4 million in funding. The LFB should set out in its final budget for 2024-25 in March 2024 how a variance in the pay settlement would be managed. .**

Climate Budget and Green Finance Fund

During the Budget and Performance session on 8 January 2024, the Committee was updated on the LFB’s progress towards the target of reaching net zero emissions by 2030. The LFB Director of Corporate Services stated that:

“Over that period to 2030, there is about £100 million of funding from our core capital budgets which contribute to [climate actions] so that is to begin with. Then that probably represents about one-third and then there are two-thirds, just over £200 million, which is the unfunded element.”¹²

The LFB Commissioner also indicated that it would be difficult to reach the goal of net zero by 2030 solely through the current funded action. He stated:

“Getting to net zero would require an additional £127.4 million within the transport budget and £109.7 million in property. That is totalling about £240 million. If you extrapolate that out - that is across all the functional bodies - there is a question that has to be answered at a Governmental level about how we invest in this area as a country.”¹³

The Committee was also informed by the LFB Commissioner of a successful bid through your Green Finance Fund. The LFB Director of Corporate Services stated that:

“Where we can access other forms of funding, other borrowing, we try to do that. One of the areas in terms of our capital investment linked to the carbon net zero agenda is around improving and upgrading our electricity infrastructure in fire stations and if we are going to move away from gas to electric you need appropriate capacity. We did a business, case which was supported by the Deputy Mayor and the GLA, and we have applied for and recently been notified of being successful in applying for green financing, which provides an interest rate subsidy, and we are just in discussion about

¹¹ P3, Budget and Performance Committee, 8 January 2024

¹² P27, Budget and Performance Committee, 8 January 2024

¹³ P27, Budget and Performance Committee, 8 January 2024

the level of that subsidy at the moment. That does reduce our borrowing costs for that particular investment.”¹⁴

Recommendation:

- 4. The Committee recommends that the specific details (sum, project, and outcomes) of the green financing secured from the Green Finance Fund be set out in the final LFB 2024-25 budget in March 2024.**

LFB Progress in Capital Plans and Budget Oversight

Between 2016-17 and 2022-23, the LFB’s capital expenditure plans have consistently required revising downward in-year during every financial year except 2021-22.¹⁵ The LFB’s Capital Programme has been subject to additional scrutiny in preparing the 2024-25 budget “to ensure robustness and deliverability, acknowledging over-optimism in previous forecasts.”¹⁶ The Committee was updated during the Budget and Performance Committee meeting on 8 January about LFB Capital expenditure by the LFB’s Director of Corporate Services. He highlighted progress made following the capital review:

“We were somewhere like 50 per cent underspent last year on our in-year capital and that is poor forecasting, planning, optimism bias that the Deputy Mayor talked about, etc, a range of factors. This year is much improved and in our quarter two position against our budget of £35 million we were looking to spend about £30 million. Whilst there is still room for improvement, it is a vastly improved position and that reflects all the things we talked about earlier in terms of business cases involving procurement and finance much earlier in the process.”¹⁷

The LFB Commissioner Andy Roe also highlighted the progress made so far:

“We have done better with capital, but we can do better still. As an area we definitely were not in the right place when Mostaque [Ahmed] joined LFB. To his credit, he has done a lot of work to get us in a much better place, but I think Mostaque would be the first to admit that there is still some more mileage in that.”¹⁸

The Committee welcomes the ongoing progress made by the LFB and its officers in enhancing transparency in capital budgeting, along with improvements in forecasting, planning, and reducing optimism bias. We suggest that LFB shares the lessons learned and best practices with colleagues across the GLA family for the benefit of other bodies' capital plans.

Recommendation:

- 5. The Committee recommends that the lessons learned by the LFB in capital budgeting, planning, and reducing optimism bias are shared across the GLA family.**

¹⁴ P25, Budget and Performance Committee, 8 January 2024

¹⁵ [MQT - LFB Capital Programme, January, 2023](#)

¹⁶ P14, [Appendix 6 Final 2023/24 Budget](#)

¹⁷ P23 Budget and Performance Committee, 8 January 2024

¹⁸ P22 Budget and Performance Committee, 8 January 2024

We thank the Deputy Mayor, the LFB Commissioner, and the LFB Director of Corporate Services for joining the Budget and Performance Committee meeting. We await your response to this letter by 9 February 2024.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Neil Garratt', written in a cursive style.

Neil Garratt AM

Chairman of the Budget and Performance Committee