



Neil Garratt AM

Chairman of the Budget and Performance Committee

Sir Sadiq Khan
Mayor of London
(Sent by email)

5 December 2025

Draft 2026-27 London Fire Commissioner Budget

Dear Sir Sadiq,

I am writing to you on behalf of the Budget and Performance Committee following our meeting on 1 December 2025 on the Draft 2026-27 London Fire Commissioner's (LFC) Budget. This is the second letter in a series of letters on your 2026-27 Budget proposals.

The Committee heard evidence from Jules Pipe CBE, Deputy Mayor for Planning, Regeneration and the Fire Service, Jonathan Smith, London Fire Commissioner, and Mostaque Ahmed, Director of Corporate Services at the London Fire Brigade (LFB). We are grateful for their attendance and engagement with the Committee's scrutiny process.

A significant concern with the Draft 2026-27 LFC Budget is the lack of sustainable funding for the Modern Firefighting Training Programme beyond 2025-26. We agree with the LFB that this programme is vital for the safety of Londoners, and we are concerned it effectively remains unfunded. This programme accounts for a major share of the £12 million budget gap projected for 2026-27. That gap is compounded by funding uncertainty amidst a government review of business

rates, depleted reserves, and potentially understated pay assumptions, creating risks to the long-term financial sustainability of the LFB.

The Committee's findings and recommendations are outlined below:

Modern Firefighter Training Programme

The Modern Firefighting Training Programme was developed to equip firefighters with the skills and knowledge needed to fight complex fires in an urban environment, based partly on learning from the tragedy at Grenfell Tower.¹

At our meeting, we heard from Mostaque Ahmed, Director of Corporate Services at LFB, that the training programme *"accounts for the largest chunk of our funding gap for next year and the year after."* Previously, this training was covered by the Fire Safety Improvement Reserve at a cost of £20 million over two years. That funding source was, according to the budget submission, always intended as temporary.²

The London Fire Commissioner, Jonathan Smith, highlighted that the funding for the training is at the *"core of what we're asking within this particular budget submission going forward"* and that *"fundamentally my operational view as the London Fire Commissioner is that the only way our firefighters can keep themselves safe and, just as importantly, keep Londoners safe is through agile, risk-critical training that genuinely reflects the nature of the operating environment that we are asking them to operate in."*³

Your Deputy Mayor, Jules Pipe CBE, also agreed, noting that the training is not a *"nice-to-have"* but rather *"goes to the heart of what we're asking [the Brigade] to do."*⁴

The Committee agrees that this training cannot be discontinued without undermining post-Grenfell improvements and urges you to establish a sustainable funding solution for the Modern Firefighting Training Programme that does not rely on one-off reserves or other short-term measures. Without such a plan, the structural gap will persist and undermine the Brigade's ability to meet its duties.

Recommendation 1: The Mayor should work with the LFB to develop a sustainable funding plan for the Modern Firefighting Training Programme that does not rely on one-off reserves or other short-term measures. This plan should identify long-term funding sources or mechanisms to ensure the training programme is maintained without creating structural budget gaps or compromising frontline services. This needs to be resolved in the Mayor's Final Draft Consolidated Budget.

Pay Award and Workforce

LFC's expenditure is workforce driven, with over 80 per cent of costs relating to staff pay in the Draft 2026-27 Budget. The Budget assumes a 2 per cent pay award for all staff.⁵ In recent years actual pay awards for operational staff have consistently exceeded budget assumptions, with each 1 percentage change in pay equivalent to approximately £4.5 million in costs.⁶

¹ Budget and Performance Committee, 2026-27 GLA Group Budget – London Fire Commissioner, 1 December 2025

² LFC [Budget Submission 2026-27](#), 21 November 2025

³ Budget and Performance Committee, 2026-27 GLA Group Budget – London Fire Commissioner, 1 December 2025

⁴ Budget and Performance Committee, 2026-27 GLA Group Budget – London Fire Commissioner, 1 December 2025

⁵ LFC [Budget Submission 2026-27](#), 21 November 2025

⁶ Budget and Performance Committee, 2026-27 GLA Group Budget – London Fire Commissioner, 1 December 2025

The Committee heard from the London Fire Commissioner, Jonathan Smith, that

*“The way firefighter pay is negotiated is a source of frustration, the truth be told. It is out of sync with our budget planning cycle. It is nationally negotiated but then locally implemented. [...] The challenge we have always faced is we never get to a multiyear settlement. We end up going round this cycle every year [...].”*⁷

In its latest *State of Fire and Rescue Assessment*, HMICFRS’s noted that its recommendation that “the Home Office, the Local Government Association, the National Fire Chiefs Council and trade unions should consider whether the current pay negotiation machinery requires fundamental reform,” had not been addressed, despite an initial completion date of June 2020.⁸ The Committee supports this recommendation and is concerned about the recurring pattern of budget assumptions on pay awards being regularly exceeded.

Given the pay award uncertainty and its significant financial impact, the Final Draft Consolidated Budget should set out a strategy for managing this risk, including how reserves and contingency measures will be used to maintain financial resilience.

Furthermore, workforce planning is closely linked to this pay pressure. Despite workforce being the predominant cost for LFB, the Draft 2026-27 Budget does not currently include headcount information within its proposals. This limits clarity on how staffing levels align with operational needs and financial assumptions, making it harder to fully assess workforce planning alongside budget priorities.

Recommendation 2: The Mayor should write to the Government to urge a review of the adequacy of the national pay negotiation framework in 2026-27.

Recommendation 3: The Mayor should work with LFC to include headcount information in the Final Draft Consolidated Budget, showing how staffing levels support pay assumptions and operational requirements. The LFC should include headcount information in all future budget submissions.

Reserves and Financial Resilience

The LFC’s Budget Flexibility Reserve, which provides a buffer for unforeseen financial pressures, is expected to be exhausted at the end of 2025-26. No reinstatement of this reserve is planned until 2028-29. The General Fund Reserve is forecast to be £17.5 million at the end of 2026-27, representing 3.1 per cent of core GLA funding. This falls below the LFC’s target level of 3.5 per cent, though the Draft 2026-27 LFC Budget indicates it will return to this target by the end of 2027-28.

The Committee notes the concern from Mostaque Ahmed, Director of Corporate Services, who said:

*“The important thing, though, is what happens to the general reserve, which is effectively our insurance policy. We have a target to maintain that at 3.5 per cent. Over the course of our medium-term financial plan, we get to that but, sitting here today, we do have a gap for next year. Therefore, I am concerned about the current position.”*⁹

⁷ Budget and Performance Committee, 2026-27 GLA Group Budget – London Fire Commissioner, 1 December 2025

⁸ HMICFRS, [State of Fire and Rescue: The Annual Assessment of Fire and Rescue Services in England 2024-25](#), 5 November 2025

⁹ Budget and Performance Committee, 2026-27 GLA Group Budget – London Fire Commissioner, 1 December 2025

It is the Committee's understanding that the planned rebuilding of the General Fund Reserve assumes that the £12 million gap for 2026-27, and any further gaps in later years, are fully resolved.

This Committee agrees with the concern about the depletion of reserves, which leaves the LFB with limited financial resilience to respond to financial risks such as a higher-than-anticipated pay award. This is particularly concerning given the current uncertainty around Government funding settlements and the current Government review of business rates.

Recommendation 4: In the Final Draft Consolidated Budget, the Mayor should make clear the options available for the LFB to manage its financial risks while reserves remain below the minimum level, including what interim measures are in place until reserves are rebuilt. This is particularly important given the uncertainty around future pay awards.

Incident Demand and Latent Capacity

The Committee notes the continuing rise in incidents where the LFB provides access assistance, particularly under the 'Collapsed Behind Locked Doors' (CBLD) agreement with the London Ambulance Service and Metropolitan Police Service. Between January 2024 and June 2025, LFB rescued 3,627 people, averaging six rescues per day across 43 emergency types. Of these, 1,754 cases—almost half—were CBLD incidents, making this the most common rescue category.¹⁰

While this collaborative approach represents good practice across emergency services, the Committee notes the agreement involved LFB taking on additional responsibilities without any transfer of resources or cost recovery mechanism. The LFC has previously stated that these incidents cost approximately £1.5 million in 2022, with a further £200,000 spent on forced entry equipment.¹¹

At our meeting, the Commissioner explained that the Brigade operates on a principle of “*latent capacity*”, meaning that, “*unlike colleagues in the Metropolitan Police or the Ambulance Service, [LFB] are resourced to risk rather than demand. When we are required, we are usually required in large order and in significant numbers and we need to be able to deal with a particularly significant incident.*”¹²

While the Committee recognises the importance of inter-agency collaboration and the principle of resourcing to risk rather than demand for the Brigade, the scale of these additional responsibilities raises questions about efficiency and opportunity cost. In particular, the Committee is mindful that London taxpayers ultimately fund this “*latent capacity*”, and therefore it is appropriate to consider whether current arrangements strike the right balance between preparedness and utilisation.

Recommendation 5: The Mayor should review inter-agency agreements where LFB assumes additional responsibilities on behalf of partner services, to ensure they reflect an appropriate balance of efficiency and fairness. This may include considering whether cost recovery or resource transfer agreements need to be in place.

¹⁰ LFB, [London firefighters rescue an average of six people a day from 43 types of emergencies](#), 07 August 2025

¹¹ LFB, [Forced entry equipment](#), November 2022

¹² Budget and Performance Committee, 2026-27 GLA Group Budget – London Fire Commissioner, 1 December 2025

Capital Programme and Long-Term Sustainability

The capital budget for 2026-27 is increasing from £47 million in 2025-26 to £73 million in 2026-27 – an increase of 55 per cent. The total capital plan amounts to £251 million over the four years to 2029-30, with virtually the entire amount (£250 million) funded by borrowing. In common with the Metropolitan Police Service, the LFB receives no dedicated capital grant from Government.

Jonathan Smith, the London Fire Commissioner, told the Committee that:

“Fire and rescue is not a protected Government department. We sit outside of defence. We sit outside of the NHS. What you have seen is consistent underfunding of the fire and rescue sector nationally for many, many years. We do not get direct capital grant funding. Some of the discussion points in the previous question around the state of our building stock is a direct consequence of not having central Government capital funding. That is definitely something I will be looking to the Government to see if we can make some improvements on because that is a problem, not just for us in London but nationally.”¹³

The Committee is concerned about the sustainability of this approach. Capital financing costs (interest and principal repayments) are forecast to rise from £17 million in 2025-26 to £23 million in 2026-27 and are projected to continue rising substantially in future years. We heard from Mostaque Ahmed, Director of Corporate Services at LFB, that:

“The main reason for, therefore, the increase over the coming years is because, as well as the core maintenance of our estate – we have a large estate – also we have specific projects and programmes over the coming years that mean that we will get to a peak borrowing position. The main drivers are, one, the biggest probably, is 8 Albert Embankment, where we have taken the decision to make that the choice location for our new headquarters as well as upgrading the fire station and providing a space for museum exhibition space. That is a big project.”¹⁴

The Committee recognises that securing suitable headquarters is essential and may offer better long-term value than continued rental. However, the plans for 8 Albert Embankment have changed substantially from the original vision of a major housing and commercial development that would have generated significant capital receipts to one requiring significant capital investment. The Committee would like to understand the full financial implications of this change in plans, including:

- The total cost of renovating 8 Albert Embankment for its new use(s)
- The expected savings

Recommendation 6: LFB should, by the end of 2025-2026, provide the Committee with a briefing on the 8 Albert Embankment project that explains the full anticipated costs, how these compare to the original development proposals, and the rationale for the chosen approach, including the options considered and why this option was selected.

Recommendation 7: The Mayor should write to the Government urging a dedicated capital grant funding of Fire and Rescue Services to support essential infrastructure investment.

¹³ Budget and Performance Committee, 2026-27 GLA Group Budget – London Fire Commissioner, 1 December 2025

¹⁴ Budget and Performance Committee, 2026-27 GLA Group Budget – London Fire Commissioner, 1 December 2025

We appreciate the attendance and engagement of the Deputy Mayor, the London Fire Commissioner, and the LFB Director of Corporate Services with the Budget and Performance Committee. I look forward to your response to this letter by 6 January 2026.

Yours,

A handwritten signature in black ink, appearing to read 'Neil Garratt', is centered within a light gray rectangular box.

Neil Garratt AM

Chairman of the Budget and Performance Committee