



Report title

2018/19 Budget

Meeting	Date
Resources Committee	16 March 2018
Authority	29 March 2018

Report by	Document Number
Director of Finance and Contractual Services	FEP 2825

Public

Summary

This report presents the Authority's final draft revenue and capital budget for 2018/19 for approval. It is presented to the Resources Committee for consideration/recommendation and to the Authority for decision.

Recommendations

That the Resources Committee recommends the Authority to agree that -

1. Subject to decisions below, a 2018/19 revenue budget of £386.8m be approved, being made up of net expenditure of £401.1m with £6.5m funding from earmarked reserves, £12.2m funding from specific grants and a payment of £4.4m to the budget flexibility reserve;
2. The revenue estimates, as set out in Appendices 1, 3 and 4, showing proposed savings, growth and budget movements, are approved;
3. The establishment changes associated with the revenue budget, as set out in Appendices 1, 3 and 4, are approved; and
4. The capital programme with gross expenditure in 2018/19 of £39.1m, as set out in Appendix 6, be approved

Background

1. This report updates the budget proposals presented to the Authority at its meetings in November and January. It proposes a budget surplus for 2018/19 of £4.4m, which will be paid into the Budget Flexibility reserve. The proposed budget is in line with the funding agreed for LFEPA of £386.8m in the Mayor's Final Draft Consolidated Budget, reported at the meeting of the London Assembly on 22 February 2018. That funding level is consistent with the funding the Mayor proposed in his consultation budget and subsequently reported to the Authority in the January Budget Update report (FEP2685 and FEP2685A).
2. The Mayor has also set indicative funding allocations for LFEPA in each of the following three financial years from 2019/20 to 2021/22. This report also sets out the forecast budget position in each of those years, with a budget deficit of £8.7m in 2019/20, which will be met with a drawn from the Budget Flexibility reserve. There is then a forecast budget deficit of £8.5m in 2020/21 which will be partially met by a draw from the Budget Flexibility reserve of £7.1m to reduce the budget gap to £1.4m. The budget deficit will then increase to £10.2m in 2021/22..

The London Fire Commissioner

3. The Policing and Crime Act received Royal Assent on 31 January 2017. The Act abolishes the London Fire and Emergency Planning Authority (LFEPA), and provided for the Mayor to take responsibility for fire and rescue services. The functions will sit within existing Greater London Authority structures, creating a deputy mayor for fire, a statutory "London Fire Commissioner" (LFC) and a new Committee of the London Assembly which will provide scrutiny and oversight.
4. The statutory instrument which brings into force the provisions in the Policing and Crime Act 2017 relating to the LFC was made on 21 February 2018, with the new governance arrangements to commence on 1 April 2018. This move means that from 1 April oversight of the fire and rescue services in London will become the direct responsibility of the Mayor. The 2018/19 Budget set out in this report for LFEPA will then be adopted by the LFC. An earmarked reserve of £300k has previously been established to cover any implementation costs. Any ongoing financial pressure as a result of the new arrangements will be considered as part of the annual budget setting process for future years.
5. The Mayor has stated that the Deputy Mayor will also include responsibility for resilience, and for the oversight of London's preparation for emergencies and coordination with a range of organisations. This includes assessing risks and preparing arrangements to respond, recover or learn from emergencies.
6. Review work has been ongoing internally and with GLA officers to ensure that the relevant reporting mechanisms, governance doctrine, and decision-making structures are ready for implementation. That work has involved wide engagement internally and with key stakeholders such as trades unions and the GLA.
7. Among other provisions, the Act also placed a duty on police, fire and ambulance services to work together if doing so would improve efficiency or effectiveness. It also gave police and crime commissioners the option of taking responsibility for governing local fire services outside London.

The Mayor's Final Draft Consolidated Budget

8. The Mayor's Draft Consolidated Budget determines the level of precept levied by the GLA in Londoners' Council Tax bills, which are administered by the London Boroughs and the Corporation of London. The Mayor is to increase the Band D council tax by 5.1 per cent from

£280.02 to £294.23 in 2018/19. The report states that this increase is to allow additional funding for the Metropolitan Police and London Fire Brigade.

9. There are two sets of Council Tax calculations because the Metropolitan Police District does not include the City of London, which has its own police service. The council tax of £280.02 can therefore be broken down to £218.13 for the Metropolitan Police plus £76.10 for non-police services. LFEPA's element of this non police element would be £50.22 for a Band D property. This compares to a 2017/18 Band D rate of £48.01.
10. The Mayor's Final Draft Consolidated Budget also includes additional business rates funding for LFEPA of £11.7m spread over the 2018/19 and 2019/20 financial years. This reflects the impact on the anticipated capital receipt from the sale of the site of the former fire station at Southwark which is now expected to be £11.7m less than planned following further discussions on the level of affordable housing at the site. The Mayor's report states that this additional business rates funding is pending the capital receipt which LFEPA will potentially receive for its former headquarters at Albert Embankment. There is a separate report on the Resources Committee agenda seeking an extension to the long stop date for the sale of the site, from the end of March to the end of July. The final decision on the sale, is expected to be taken under the new governance arrangements.

The Budget Development Process

11. The Mayor's Budget Guidance for 2018/19 for the Greater London Authority and its functional bodies was issued on 13 June 2017 and was reported to Resources Committee on 22 June 2017 (FEP2733). In his guidance the Mayor proposed funding for LFEPA of £382.4m for 2018/19 and indicative allocations in each of 2019/20, 2020/21 and 2021/22 also of £382.4m. The Mayor then repeated his intention to award this level of funding in his consultation letter, which was included in the Budget Update report presented to the Authority on 23 November 2016 (FEP2790).
12. The November Budget Update report stated that funding from the GLA of £382.4m in each of the next four financial years would result in a saving requirement for LFEPA of £21.5m by 2021/22. The report then identified and presented new savings over that period of £2.5m and new growth of £0.9m. This left a savings gap for LFEPA of £19.9m over those years. However, as a result of the timing of the budget pressures and proposals for savings and growth, there was a forecast budget surplus in 2018/19 with a budget gap in the later years. That planned surplus in 2018/19 was to be added to the existing funds in the Budget Flexibility reserve and used to smooth the impact of the saving requirement in future years.
13. Following the November Budget Update report the Mayor published his consultation budget on 22 December 2017, which proposed an increase in funding from LFEPA over the next four years of £18.9m. This additional funding was achieved through an increase in council tax of the non policing precept of 2.99 per cent, with the proceeds shared between MOPAC and LFEPA. In practice 1 per cent of the 2.99 per cent increase will be reallocated to MOPAC by transferring the equivalent sum to policing from LFEPA's retained business rates allocation. This additional funding resulted in LFEPA's budget gap reducing to £1m, which in the planning period would have been balanced by the use of the balance remaining on the Budget Flexibility reserve.
14. The Mayor then issued his Draft Consolidated Budget for 2018/19 on 17 January 2018 which stated that based on the advice of the Commissioner the Mayor decided to budget for a 2 per cent pay award for all Fire Brigade staff from 2018/19 onwards. The statement goes on to say that this is to seek to ensure that all 'blue light' services staff are treated equitably across the GLA

Group, whilst recognising that pay negotiations are ongoing and that the 2 per cent assumption becomes more tentative in later years. The impact of this was to increase the budget gap by £11.4m over the next four years.

15. The January Budget Update report (FEP2809 and FEP2809A) then showed the impact of the above changes and also included a further update to the medium term forecast on the budget gap over the next four years, with a revised figure of £12.0m. This included a surplus in the first year, and a balanced budget in the second year after a draw of £10.7m on the budget flexibility reserve. There was then a forecast budget gap of £6.2m in 2020/21 increasing to the £12.0m by 2021/22.

Table 1: Budget Summary Position Reported in January Budget Update (FEP2809A)

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Revised Budget Gap	(3.2)	10.7	10.2	12.0
Payment into / (Draw from) Budget Flexibility Reserve	3.2	(10.7)	(4.0)	0.0
Budget Flexibility Reserve Balance	14.7	4.0	0.0	0.0
Revised Budget Gap after Flexibility Reserve	0.0	0.0	6.2	12.0

16. It should also be noted that a significant element of the budget gap in 2019/20 is as a result of the forecast outcome of the actuarial valuation of the firefighter's pension scheme, which will impact the budget from that date. This includes a £5.1m pressure as a result of the Central Government adjustment to the discount rate, a £2.8m pressure from a potential reduction in funding following the implementation of the 2015 firefighter scheme and a £0.9m pressure as the provisional cost of retained firefighters becoming eligible to join the firefighters pension scheme and able to buyback past service. The results of the 2016 valuation of the firefighter pension schemes are expected early in the 2018/19 financial year, which may provide more clarity regarding these pressures.

Budget Update

17. The Authority's medium term forecast (MTF) has been reviewed since it was last reported in January 2018 (FEP2685) and is included as Appendix 1. There are a number of changes to the forecast position over the four year period from 2018/19 to 2021/22, as summarised in Table 2 below. Together these adjustments show a net £1.3m improvement in the four year budget position with a resulting reduction in the budget gap from £12.0m to £10.7m.

Table 2: Changes to the Medium Term Forecast

Changes to Medium Term	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total Four Year Impact £m
Adjustment to Pay Inflation (NI)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)
Operational Pension Contributions	(0.4)	(0.1)	(0.0)	(0.3)	(0.8)
Borrowing costs	0.0	(0.6)	0.6	0.0	0.0
Total Changes to the Medium Term Forecast	(0.5)	(0.8)	0.4	(0.4)	(1.3)

18. Additional information on each of the proposals above is set out in the paragraphs below.

Adjustment to Pay Inflation

19. Pay inflation forecasts have been reviewed and revised to reflect changes forecast to National Insurance bands over the next four years. Although these bands are yet to be confirmed, the forecast reflects historic changes to contribution rates.

Operational Pension Contributions

20. Average pension contribution rates continue to decrease due to the number of opt-outs from the new Firefighter Scheme, as well as leavers being from the old and joiners coming into the new scheme. This forecast reflects the experience in 2017/18 where 39 staff opted out of the scheme to the end of December. This will continue to be reviewed as part of the normal budget process as we approach the next auto enrolment date in 2019.

Borrowing costs

21. The borrowing costs in this report reflect the change to the profiling for the purchase of the Extended Duration Breathing Apparatus set out in Table 3, which is discussed further at paragraph 34.

Table 3: Changes to Additional Resilience Items

Changes to Additional Resilience Items	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total Four Year Impact £m
Legal Costs	0.0	0.0	(0.6)	0.0	(0.6)
Investigation Team	0.2	(0.2)	0.0	0.0	0.0
Disclosure Management System	0.07	(0.03)	(0.09)	0.0	(0.05)
Fire Safety Officers	(0.8)	0.8	0.0	0.0	0.0
Smokehoods	(0.1)	0.1	0.0	0.0	0.0
Extended Duration Breathing Apparatus Maintenance Costs	0.0	(0.6)	0.6	0.0	0.0
Total Changes to the Additional Resourcing Items	(0.6)	0.0	(0.1)	0.0	(0.7)

22. The changes in the table above reflect the latest forecast costs for the items initially reported to Resources Committee in July 2017. These include a reduction in forecast legal costs on the basis that any potential prosecution will now be undertaken by the Crown Prosecution Service (£0.6m) and a one-off increase to the Investigation Team budget in 2018/19 to cover the requirement during the public enquiry. The remainder of the items largely reflect a change in the profile of expenditure, and these changes further reduce the budget gap in 2018/19 from £10.7m to £10.0m,
23. One of the changes in expected timing of the spend relates to the introduction of the Extended Duration Breathing Apparatus. This has previously been forecast to be procured in the 2018/19 financial year, however it is now forecast that this will be incurred in the 2019/20 financial year. This reflects that, as stated in the Additional Resourcing Requirements report (FEP2763), the previous estimate was the result of an initial review. This updated forecast reflects the outcome of additional work carried out since then, and will also ensure that this item is considered alongside the Breathing Apparatus Replacement Project for which the project costs have been included as a growth proposal in this report (G004).

Table 4: Changes to Savings and Growth Proposals

Changes to Savings and Growth Proposals	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total Four Year Impact £m
Area Team Saving Adjustment	0.0	0.0	0.0	0.0	0.0
Disbanding of ESN project team	(0.1)	0.0	0.0	0.2	0.1
ICT Security Officer	0.1	0.0	0.0	0.0	0.1
Total Changes to the Savings and Growth Proposals	(0.05)	0.0	0.0	0.2	0.2

24. The changes to the savings and growth items above are reflected in Appendices 3 and 4, and the reasons for changes discussed below. The net impact of these is an increase to the budget gap over the next four years of £0.2m which increase the budget gap from £10.0m to £10.2m.

Area Team Saving Adjustment

25. The November Budget Update report (FEP2790) included two savings in the Area Teams, referenced S001 and S002 in that report. These savings were for four FRS B posts and four FRS D posts respectively. Following ongoing review as part of the budget process, including further discussions with staff side, it is now proposed that these savings are replaced with nine FRS B posts in the Area Teams. An updated Equality Analysis is attached to this report which includes the impact of this change.

Disbanding of Emergency Services Network (ESN) project team

26. This saving was previously proposed at £519k from 2021/22. The ESN project has been subject to continuing delays and this means that it is now considered that 1.8 FRS F posts are not required, bringing forward part of the saving to 2018/19. The total saving achievable has also been restated.

ICT Security Officer

27. A FRS F team leader for the ICT security team is required to head up this group. The amount of work that this group is being expected to undertake has increased exponentially in recent years and a lack of resource would mean that key projects may be delayed, and that there may be insufficient resource to support day to day activities.

Table 5: Summary Budget Position

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Budget Gap as set out in Supplementary January Budget Update Report (FEP2809A)	(3.2)	10.7	10.2	12.0
Changes to the Medium Term Forecast	(0.5)	(1.3)	(0.9)	(1.3)
Changes to the Additional Resourcing Items	(0.6)	(0.6)	(0.7)	(0.7)
Changes to Saving and Growth proposals	(0.1)	(0.1)	(0.1)	0.2
Revised Budget Gap	(4.4)	8.7	8.5	10.2
Payment into / (Draw from) Budget Flexibility Reserve	4.4	(8.7)	(7.1)	0.0
Budget Flexibility Reserve Balance	15.9	7.1	0.0	0.0
Budget Gap After Reserve Use	0.0	0.0	1.4	10.2

28. The above table demonstrates that the four year budget gap has now reduced from £12.0m, as set out in the January report, to £10.2m. The table also shows that a budget surplus of £4.4m in 2018/19 will be transferred into a Budget Flexibility reserve. That reserve will then be used to close the £8.7m budget gap in 2019/20. The remaining £7.1m would then be used to reduce the

budget gap in 2020/21 from £8.5m to £1.4m. There would then be a budget gap of £10.2m in the 2021/22 financial year.

Risks and Opportunities

29. There are a range of risks and opportunities to the long-term financial position which are as yet unquantified in the estimates in this report, and these are outlined in Appendix 5. These risks have been reviewed since last reported, with four new risks added and one risk closed. These changes are set out in the paragraphs below.

New risk for Government Funding

30. The current four year funding settlement from central Government runs until the end of 2019/20. Over the next year there are to be a number of consultation exercises, and the publication of a series of technical papers, leading to final options for needs and resources assessments in the spring of 2019. This will be followed by the setting of baseline funding levels, together with transitional arrangements, in the autumn of 2019. The new arrangements will then come into effect for the 2020/21 financial year. The result of this work may then materially affect the funding for fire that the Mayor receives. It would then be for the Mayor to decide what impact, if any, there is to LFEPA's financial position.

New Capital Expenditure and Financing Risks

31. Three new risks on capital expenditure have been also been added. These reflect that different options are being considered to replace the Respiratory Protection Equipment and that some projects are reliant on a number of dependencies which could impact on the timetable for their delivery. This includes the Plumstead fire station and LFB Training Centre projects. A risk has also been included in respect of the fleet replacement programme that the current expenditure profile is subject to change as individual procurements are progressed.

Closed Risks

32. The risk relating to the removal of Government funding for LFEPA's Incident Response Units has been removed. This reflects that the latest grant figures from the Home Office matched the reduced budget estimates for this in 2018/19.

Financial Position

33. The forecast financial position as at the end of December (FEPXXXX) which is reported separately on the Resource Committee agenda shows an underspend of £4,902k for the 2017/18 financial year. This includes additional underspends of £365k since last reported to Resources Committee in November (FEP2792). The additional underspend is largely due to a successful appeal on property rates (£2,017k) offset by additional spend on overtime (£542k) and premises budgets (1,075k).

34. The above underspend would lead to the general reserve being £1,554k above the stated minimum level. The final agreed position will be set out in the financial outturn report to be published in July 2018.

Reserves

35. The latest forecast position on reserves is set out in Table 6 below. They show the forecast outturn position for 2017/18 as at the end of December 2017 and the forecast changes in the use of reserves from 2018/19 and 2021/22.

Table 6: Forecast Use of General and Specific Reserves

£000s	Anticipated Balance at 01/04/18	Use of Reserves in 2018/19	Use of Reserves in 2019/20	Use of Reserves in 2020/21	Use of Reserves in 2021/22	Anticipated Balance at 31/03/22
Additional Resilience Requirements	4,361	(2,446)				1,915
Compensation	1,000					1,000
Emergency Services Mobile Communication Programme	155	(57)	(57)	(42)		0
Emergency Medical Response	830	(147)	(147)			536
Firefighters' Pension	1,172					1,172
Fire Safety and Youth Engagement	338	(145)	(78)			115
Hydrants	462					462
ICT Development Reserve	1,310	(950)	(160)	(100)	(100)	0
London Resilience	2,115	(539)				1,576
LSP2017 Implementation	4,561	(469)	(269)	(100)	(33)	3,689
New Governance Arrangements	300	(300)				0
Pension Early Release Costs	400					400
Recruitment/ Outreach	350	(350)				0
Sustainability	235					235
Vehicle & Equipment Reserve	1,163	(1,091)	(72)			0
Budget Flexibility	11,469	4,413	(8,747)	(7,134)		0
General	15,310					15,310
Total	45,511	(2,081)	(9,530)	(7,376)	(133)	26,390

36. The reserve table above includes an update to the previously presented position in the January Budget Update report. The material changes include an additional forecast draw on the Additional Resilience Requirements reserve of £2.5m in 2018/19. This includes potential spend of £1.5m on Fire Safety costs for additional staff, that was not incurred in 2017/18 and is now forecast for 2018/19, £608k in training costs and £338k in equipment costs for smokehoods, Wicking T-shirts and improved USAR Kit.
37. In addition there is an increased draw of £850k on the ICT Development reserve, which reflects the underspend on the project in 2017/18 that will be carried forwards to the following financial year. There is also an additional draw of £539k on the London Resilience reserve to cover one off costs relating to the brigade's Mass Casualty and Flood responses.
38. The table also shows that there will be a forecast £15.1m in the general reserve and £11.1m in other earmarked reserves by the end of the four year period. However it should be noted that the £11.1m of earmarked reserves includes £3.7m for implementation of the London Safety Plan 2017 and £1.9m for Additional Resilience Requirements following the events at the start of the 2017/18 financial year. Both these reserves are expected to be fully utilised by the end of the four year period, although the exact timing and amount of those payments is still to be finalised. After accounting for this expected usage the remaining earmarked reserve level would be

£5.5m, which is 1.4% of net revenue expenditure and a substantial proportion of this balance is in reserves intended to smooth the impact of any exceptional costs in demand led areas, such as compensation and pension costs

Fees and Charges

39. LFEPA receives income from a range of charges which are calculated on a cost recovery basis. Any changes to these are calculated by the Director of Finance and Contractual Services and advised to charging departments in line with delegations to officers in order to be applied from the start of the new financial year. This process includes updating the figure used for special service charges, which also covers charging for Shut in Lift and Automatic Fire Alarm call outs. The special service charge is currently set at £328 for the 2017/18 financial year, and will increase by £5 to £333 for the 2018/19 financial year.

Capital Programme and Prudential Indicators

40. This report updates the draft capital programme reported in January (FEP2809). The original programme was £18.2m for 2017/18, £41.8m for 2018/19, £41.5m for 2019/20, £20.9m for 2020/21 and £23.1m for 2021/22. The changes to the programme since the last reported position are detailed in the Financial Position report also on the Resources Committee agenda, and are mainly due to the re-phasing of the fleet replacement programme and the additional cost for the new training centre, with further detail on the fleet replacement programme provided below. These changes resulted in a £2.1m increase in the budget for 2017/18, a reduction of £2.7m for 2018/19, and an increase of £5.5m for 2019/20.
41. At its last meeting the Resources Committee asked for an update on the project to procure the new extended height aerial appliances. The tendering and procurement process for this will be undertaken by Babcock Critical Services (BCS) as our vehicle and equipment contractor. The work to prepare the appropriate tender documentation is already being undertaken and it is expected that this will result in BCS going out to tender on behalf of the LFB towards the end of March 2018. The estimated first delivery is then expected to be achieved towards the end of October 2019, though this will be dependant on the winning suppliers ability to deliver within that timeframe. All of the new aerial appliances are expected to be based at existing aerial appliance stations and work is ongoing to establish the best locations to place the extended range aerial appliances.
42. The revised capital programme after these adjustments is £20.3m for 2017/18, £39.1m for 2018/19, £47.0m for 2019/20, £21.4m for 2020/21 and £23.1m for 2021/22. The summarised capital programme is detailed in Table 7 below and Appendix 6 details the full capital programme.

Table 7: Summary Capital Programme

	2017/18 Capital Budget £k	2018/19 Capital Budget £k	2019/20 Capital Budget £k	2020/21 Capital Budget £k	2021/22 Capital Budget £k
Estates Projects	5,891	6,369	12,909	6,297	9,410
ICT Projects	1,147	3,696	600	2,360	2,000
Fleet	15,891	11,535	15,437	10,488	11,680
New Projects	4,101	17,498	18,060	2,237	0
Projected Underspend	(6,686)	0	0	0	0
PFI Projects	0	0	0	0	0
TOTAL	20,344	39,098	47,006	21,382	23,090

43. The revised capital financing for the programme is shown in Table 8 below.

Table 8: Capital Financing

	2017/18 Capital Budget £k	2018/19 Capital Budget £k	2019/20 Capital Budget £k	2020/21 Capital Budget £k	2021/22 Capital Budget £k
Capital Financing Requirement	20,344	39,098	47,006	21,382	23,090
Capital Grants & Contributions	0	0	0	0	0
Capital Receipts	20,344	37,829	26,677	0	0
Borrowings	0	1,269	17,829	21,382	23,090
Charitable Contribution	0	0	2,500	0	0
TOTAL	0	0	0	0	0

Risks to Capital Programme

44. The capital budget is subject to risks and opportunities which are not quantified in the estimates in this report. The three risks currently identified are set out in Appendix 5.
45. The capital programme is managed on a monthly basis and is reported quarterly to the CAPS group (Capital, Approval, Planning and Strategy Group) where all changes to the programme are reviewed and substitution projects or re-financing proposals are assessed and agreed.
46. Table 9 below sets out the prudential limits and forecast borrowing for 2017/18 to 2021/22.

Table 9: Prudential Limits and Forecast Borrowing

		2017/18	2018/19	2019/20	2020/21	2021/22
Operational Limit for External Debt		£220m	£220m	£220m	£220m	£220m
Approved Limit for External Debt		£225m	£225m	£225m	£225m	£225m
Forecast Borrowing						
External Borrowing		£81m	£76m	£88m	£104m	£125m
Finance Lease		£67m	£65m	£64m	£63m	£61m
TOTAL		£148m	£141m	£152m	£167m	£186m

Head of Legal and Democratic Services comments

47. The Mayor of London is responsible for the preparation of the consolidated budget for the Greater London Authority and the functional bodies. Sections 85 to 87 and Schedule 6 of The Greater London Authority Act 1999 sets out the procedure for calculating the component and consolidated budget and determining the GLA's council tax requirement. The process includes a requirement on the Mayor to consult the Authority and to prepare a draft component budget for the Authority as part of his draft consolidated budget for the GLA and the functional bodies. Following consultation with the functional bodies (including the Authority), the Mayor must present his draft consolidated budget to the London Assembly. The draft consolidated budget was considered by the London Assembly on 25 January 2017. The Mayor's draft consolidated budget was approved without amendment by the London Assembly on 20 February 2017.

Director of Finance and Contractual Services comments

48. This report is by the Director of Finance and Contractual Services and there are no additional comments.

Sustainable development implications

49. There are no further new sustainability implications for the 2017/18 Budget. Comments on all other sustainability implications have been provided in previous draft reports.

Staff Side consultations undertaken

50. Consultation with the trade unions has continued throughout the budget process.

Equalities implications

51. The equality implications associated with this report are set out in the equality analysis attached at Appendix 7.

List of Appendices to this report:

1. Medium Term Forecast
2. Budget Tables
3. Proposed Savings
4. Proposed Growth
5. Risks and Opportunities to the Financial Position
6. Capital Programme
7. Equality Analysis

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of background documents	
<ol style="list-style-type: none">1. Budget Update – FEP2809 & FEP2809A2. Budget Update – FEP27903. Budget Update – FEP27734. Budget Update – Additional Resourcing Requirements – FEP27635. The Mayor's Budget Guidance – FEP27336. 2017/18 Budget Report – FEP2708	
Proper officer	Director of Finance and Contractual Services
Contact officer	Adrian Bloomfield
Telephone	020 8555 1200 Ext. 31351
Email	adrian.bloomfield@london-fire.gov.uk

Appendix 1 – Medium Term Forecast

Description	2018/19	2019/20	2020/21	2021/22	Comments
	£k	£k	£k	£k	
Previous Years Net Expenditure	391,124	401,087	413,433	415,384	
Central Contingency for Inflation	9,466	7,663	7,144	6,981	This includes both staff and non staff inflation. Staff costs are based on pay awards of 2% in 2017/18 for operational and control staff then 1% annually in all subsequent years. FRS pay awards are based on a 1% award in all years.
Other budget pressures					
Pensions Auto Enrolment	(274)	481	160	0	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.
Firefighters Pension Scheme - Retained Firefighters	0	910	0	0	This is the provisional cost of retained firefighters becoming eligible to join the firefighters pension scheme, and buyback past service, and represents the national impact on employers on-costs of a 0.5% increase in employer contribution rates.
Funding Reduction Following Implementation of the 2015 Firefighter's Pension Scheme	0	2,843	0	0	As set out in the March 2016/17 Budget report, the implementation of the 2015 Firefighter Pension Scheme in 2015/16 resulted in a budget reduction of £2.8m. It is now expected that this surplus will be removed from LFEPAs funding when the results of the 2016 actuarial pension revaluation are implemented in 2019/20.
Changes to Staff on Development Rates of Pay	(1,402)	(1,233)	(394)	0	This reduction reflects the anticipated change in the profile of the operational workforce, which will shift to include more less experienced staff on lower pay rates, following increased recruitment levels.
Local Government Pensions Scheme - Past Service Deficit	206	215	224	0	This is the forecast 'inflationary' increase in the cost of the past service deficit payments on the Local Government Pension Scheme.
Local Government Pensions Scheme - 2017 Valuation	(108)	(115)	(122)	0	Savings following the valuation on LFEPAs LGPS pension fund.
Firefighters' Injury Pensions	(44)	279	245	250	This relates to inflation increases on injury pensions and assumptions around

Appendix 1 – Medium Term Forecast

Description	2018/19	2019/20	2020/21	2021/22	Comments
	£k	£k	£k	£k	
					numbers in receipts of injury pensions.
Command Units	465	0	0	0	The reduction of Command Units has been postponed due to the increase in terrorist incidents world-wide since the original decision to make a saving was taken, and concerns about resilience if the proposal were to be implemented. A further review will be carried out to explore any changes to the delivery model.
Operational Staff Vacancy Margin	(1,390)	3,724	0	0	This savings is achievable based on operational staff numbers expected given current recruitment and leaver forecasts.
Operational Pension Scheme Changes	(665)	(295)	(271)	(271)	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.
Trainee Firefighter Recruitment	412	0	0	0	These costs reflect the anticipated salary cost of trainee firefighters in each year.
MTFA Requirements	354	0	0	0	This pressure reflects additional staff related and equipment costs for the delivery of the MTFA capability.
Additional Resilience Requirements	3,749	1,903	(749)	0	Additional items included in FEP2673
STAFF RELATED BUDGETS					
Apprenticeship Levy	0	(1,115)	0	0	In his 2015 Autumn Statement the Chancellor announced that an apprenticeship levy will come into effect in April 2017, at a rate of 0.5% of an employer's pay bill. This saving reflects the use of the levy to recruit additional apprentices.
Recruitment and Assessment Centre	72	0	0	0	There is currently a budget of £17.5k which relates to the hire out of the Hammersmith Assessment Centre. The target to recruit 400 firefighters by April 2019 together with the implementation of role to rank will mean the centre will be working to capacity. There has been no income since 2014 and it is not anticipated that there will be any opportunity to hire out the centre in the near future. The remaining increase of £54k reflecting the

Appendix 1 – Medium Term Forecast

Description	2018/19	2019/20	2020/21	2021/22	Comments
	£k	£k	£k	£k	
					increase in trainee requirements.
Childcare Allowance	45	0	0	0	The Brigade operates a scheme to assist employees with a contribution to their childcare costs. The Childcare allowance is available to staff up to the role/grade of crew manager, FRS C and control room officers. Individuals can claim up to £65 per month towards the actual cost of either an Ofsted registered nursery or child minder for children up to the age of five years. Spend in recent years has been over budget. As the Brigade is actively recruiting to fill 400 firefighter vacancies by April 2019, help with childcare costs is a benefit which will attract candidates with young families so costs could increase further as a result.
Additional Payments into the Local Government Pension Scheme (LGPS) Fund and resulting on-going savings	108	115	(1,481)	0	In light of the impact of the actuarial revaluation of the LGPS, it is proposed that the new savings generated are re-invested back into the scheme in order to reduce the deficit further. These payments would then result in additional savings following the outcome of the next revaluation in 2020/21. If the savings are used in this way they would result in a £3.1m additional payment against the deficit by 2019/20, with a forecast saving of £350k in 2020/21.
Firefighter Pension Scheme - Change to Discount Rate	0	5,100	0	0	In his March 2016 Budget Announcement the Chancellor stated that unfunded public sector employer pension contributions will increase from 2019 by an estimated £2bn per annum. This was as a result of the regular revaluation of the discount rate. This policy change will therefore impact directly on Fire Authority Budgets from 2019/20. The pressure of £5.1m has been calculated based on Firefighter pension receiving a pro-rata increase at the same rate as the other unfunded schemes.
Flooding Response Capability	(120)	0	0	0	The 2017/18 budget included the purchase of flood response equipment to widen LFB's flood response capability. This reduction is removing that one-off funding.
Training Contract	(3,280)	(1,423)	(297)	245	As stated in the Future Options for Training report (FEP1829X) the fixed fee element of the Training Contract will

Appendix 1 – Medium Term Forecast

Description	2018/19	2019/20	2020/21	2021/22	Comments
	£k	£k	£k	£k	
					reduce after the first six years of the contract.
Driver Training	118	0	0	0	This budget will pay for a full cycle of refresher driver training and reassessment within four years for the LFB's 2,967 drivers to ensure that LFB can comply with section 19 of Road Safety Act 2006, which is due to be brought into force after a delay to allow emergency services time to ensure compliance.
PREMISES BUDGETS					
Business Rates	(232)	(162)	(49)	59	The new rateable values notified by the Valuation Office after the 2017 Revaluation were below the forecasts provided by the Estates Management Consultant used to set the future year budget requirement during the 17/18 budget process. The new rate demands received for 17/18 match the revised forecast provided by the consultant for this year and therefore the reductions forecast for future years should be accurate. The forecasts are based on 17/18 approved budget of £9.053m.
Energy Costs	51	52	54	54	This increase is based on RPI.
New Technical Logistics Centre	407	(129)	(100)	0	The figures shown are based on the rates, rents and other running costs required to run the two logistics centres while the new Technical Logistics Centre is set up. The increase in the on-going cost is largely due to higher rent for the new centre. This cost is considered to be reasonable by the Authority's agents bearing in mind current market conditions and the type of lease agreed.
Property PFI Unitary Payment	40	50	50	50	The figures shown here reflect the payments required for the Property PFI fire stations. From 2017/18 an annual price review is applicable to the variable element of Unitary Charge based on RPIx. The standard RPIx has been applied to this value from 2017/18.
New Premises contracts (hard and soft FM services)	372	387	149	158	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

Appendix 1 – Medium Term Forecast

Description	2018/19	2019/20	2020/21	2021/22	Comments
	£k	£k	£k	£k	
					increases are in addition to the 'inflationary pressures' submitted for Premises budgets.
Proposed third training centre	0	300	300	0	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 and £0.2m in lost income. The financial impact of the running costs, set out here, is based on occupation by October 2019.
TRANSPORT BUDGETS					
Reserve Vehicle for BDC	6	0	0	0	A vehicle to cover planned and unplanned maintenance periods for the BDC LRL (London Resilience Lorry) is required. This reflects the slot price or potential hire charge
Fleet Insurance	242	0	0	0	Recent developments in the insurance industry have driven up the cost of premiums. This includes an increase in insurance premium tax: in 2015 the rate was 6% and in 2017 it is now 12% and an increase in the rate per vehicle, from £900 in 2015 up to £1350 in 2017. The rate has increased considerably this year because the Discount Rate applied to future losses in personal injury claims was amended by the Government in march 2017 from 2.5% to minus 0.75%. The effect of the change is that multipliers applied to future losses will increase significantly and a Claimant's future losses will increase as a result. This has already been reported as an overspend in the 2017/18 Financial Position reports and will continue to be reviewed as part of the normal monitoring process.
EFCC contract First Aid Recertification training	48	(126)	0	0	As is outlined in FEP 2321, the EFCC contract attracts an additional charge in Years 1 and 4 for first aid recertification. Year 4 of the contract spans parts of FY 2017/18 and FY 2018/19, hence the total (unindexed) charge £126k has been allocated across these two periods.
SUPPLIES AND SERVICES BUDGETS					
ICT Equipment	278	(278)	0	0	Moving to Union Street allowed a move

Appendix 1 – Medium Term Forecast

Description	2018/19	2019/20	2020/21	2021/22	Comments
	£k	£k	£k	£k	
Replacement Holiday					from a rolling programme of replacements to a more defined cycle as the equipment has a defined life. This represents the periodic re-instatement of that budget to update the equipment at Union Street, This would include wireless access points, physical servers and some desktop equipment.
Business Intelligence platform	0	231	0	0	The Resources Committee agreed capital funding for this project in March 2016 (FEP 2578. There are associated revenue cost to cover the licensing of the products to be deployed. To achieve maximum benefit it is likely that the licensing will need to enable full interaction with the product which is licensed on an individual basis. The figures included here represent the middle ground in terms of deployment options. Discussions are underway with Microsoft regarding an adaptation of the licensing model to reflect the watch based nature of LFB. This does not yet take into account any savings that may be realised from this project, which could help offset this additional cost. The overall position will be kept under review.
Skype for Business	24	0	0	0	This is to fund the scope of the Skype roll out beyond the staff that were initially to be provided with this service. This has increased the overall costs of the solution as this is a subscription based product.
Resilient circuit upgrade	36	0	0	0	It has been necessary to upgrade the circuit that connects Stratford to Union Street as Union Street no longer a solely administrative building from an organisational resilience perspective.
Increase in Bandwidth to support Wi-Fi use.	30	0	0	0	Access to Wi-Fi is a priority to support a variety of more agile approaches to working. In order to facilitate this the capacity of the system needs to be increased.
e-Recruitment	0	20	0	0	This is to fund the additional cost of the replacement e-Recruitment system (support for the existing system has been withdrawn). The current budget for the existing solution is £24,500 whereas the annual support fees for the new solution is £44,006.25, a shortfall of £19,506.25pa.
Health and safety	0	36	0	0	This is to extend reporting facilities for the

Appendix 1 – Medium Term Forecast

Description	2018/19	2019/20	2020/21	2021/22	Comments
	£k	£k	£k	£k	
System					new hosted system to all users. The current budget for the existing solution is £12,135 whereas the annual support fees for the new solution is £48,560, a shortfall of £36,425pa.
MDT Support following removal of Airwave support	112	23	23	0	Whilst the removal of this service from the Airwave was anticipated it was envisaged that this would result in a cost saving against the contract which could be re purposed to support the new MDTs. However, the re negotiated Airwave contract has increased overall costs whilst removing this element of the service - this increase has been included in the inflationary pressures return. As a consequence there is now an additional requirement for the ongoing support of the new devices deployed to the fleet which has been estimated based on the failure rate of the existing MDTs flexed to reflect the changes in the nature of their use and the expansion of the provision to include tablet devices and satnavs. The first year provision has been reduced due to part year implementation. The increase over time reflects the increase anticipated to reflect the failures due to age and use of the equipment.
Extension and Re-procurement of the Personal Protective Equipment (PPE) Contract (FEP2381)	270	370	0	0	By extending the current contract with Bristol Uniforms by an additional two years from October 2016, the Authority generated one-off savings of £640k in 2017/18 and £370k in 2018/19. The adjustment shown reduces the saving in 2018/19 and removes it from the budget in 2019/20.
Replacement of Extended Duration Breathing Apparatus (EDBA) cylinders	(87)	(4)	26	0	This is the reversal of one off spend in 2017/18 on the progressive replacement of EDBA cylinders as they reach the end of their maximum design life, to maintain the authorities operational capacity.
Cold Cutting Technological Solution	(100)	0	0	0	This is the reversal of one off spend in 2017/18 to purchase a cold cutting technological solution to improve firefighter safety in dangerous conditions.
National Operational Guidance (NOG) Integration	(850)	(56)	0	0	This is the reversal of one off funding of £0.9m in 2017/18, for the implementation of the NOG project for LFEPA. The majority of the budget is removed in 2018/19, with the balance in 2019/20.

Appendix 1 – Medium Term Forecast

Description	2018/19	2019/20	2020/21	2021/22	Comments
	£k	£k	£k	£k	
CAPITAL FINANCING BUDGETS					
Borrowing Costs	262	5	1,517	1,061	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.
Total other budget pressures	(846)	12,07	(715)	1,606	
INCOME BUDGETS					
Insurance Company Income	(1,710)	(970)	(1,020)	(1,070)	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.
Mutual assistance	205	0	0	0	LFB has moved from being a net provider of appliances to county Brigades to a net receiver of appliances a consequence the current budget is for income of £178k this has moved to an expenditure of £27k resulting in a requirement for £205k.
Interest Receivable	195	80	0	0	This forecast is based on the interest rates received on our cash deposits and reflects a reduction in our forecast cash balances and thus the interest earned .
Reduction in Shut in Lift charging	10	10	10	10	This adjustment reflects observed decreases in income and as the aim of this charge, to reduce demand, is realised.
Total income	(1,300)	(880)	(1,010)	(1,060)	
Total Unavoidable Pressures and Savings identified	7,320	18,890	5,419	7,527	
Change in Expenditure funded from Specific Grants and Reserves	3,844	(5,710)	(542)	(108)	
Revised Net Revenue	402,288	414,266	417,913	423,200	

Appendix 1 – Medium Term Forecast

Description	2018/19	2019/20	2020/21	2021/22	Comments
	£k	£k	£k	£k	
Expenditure					
2017/18 Savings and Growth Proposals (FEP2708)	(685)	(690)	(690)	(277)	
2018/19 Savings Proposals	(1,525)	(515)	(29)	(448)	
2018/19 Growth Proposals	1,009	(25)	0	0	
Budget Surplus/ (Deficit)	0	0	(1,413)	(8,836)	
Proposed Net Revenue Expenditure	401,087	413,433	415,384	413,639	
Use of Budget Flexibility Reserve	4,413	(8,747)	(7,134)	0	
Use of Earmarked Reserves	(6,494)	(784)	(241)	(133)	
Financing Requirement	399,005	403,505	408,405	413,505	
Specific Grants	12,205	12,205	12,205	12,205	
Financing Requirement after use of Specific Grants	386,800	391,300	396,200	401,300	

Appendix 2 – GLA Budget Tables

Subjective analysis	Proposed Budget (Final Submission)					
	2017/18 Revised Budget	2017/18 Forecast Outturn	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m	£m
Operational staff	236.0	231.9	239.4	250.9	254.8	259.2
Other staff	52.6	52.1	57.8	62.7	62.0	63.0
Employee related	26.4	25.9	21.1	18.4	18.6	19.4
Pensions	20.5	20.6	23.5	23.8	24.1	24.3
Premises	36.9	37.2	37.6	38.2	38.8	39.2
Transport	15.3	15.1	17.5	17.2	17.4	17.4
Supplies and services	28.5	28.7	29.2	27.8	28.0	28.1
Third party payments	2.7	2.9	1.9	1.9	1.9	1.9
Capital financing costs	9.5	9.5	9.8	9.8	11.3	12.4
Contingency against inflation	0.3	0.3	0.0	0.4	0.2	0.2
Savings to be required	0.0	0.0	0.0	0.0	-1.4	-10.2
Total revenue expenditure	428.6	424.2	437.9	451.1	455.5	454.8
Total income	-35.5	-36.0	-36.8	-38.1	-39.7	-41.2
Net revenue expenditure	393.0	388.2	401.1	413.0	415.8	413.6
Transfer to/from reserves	3.5	8.4	-2.1	-9.5	-7.4	-0.1
Financing Requirement	396.6	396.7	399.0	403.5	408.4	413.5
Specific grants	-14.1	-14.2	-12.2	-12.2	-12.2	-12.2
Mayoral Funding Requirement	382.4	382.4	386.8	391.3	396.2	401.3

Subjective analysis	Proposed Budget (Final Submission)					
	2017/18 Revised Budget	2017/18 Forecast Outturn	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m	£m
Community safety	33.6	33.1	34.4	35.3	35.3	35.8
Fire fighting and rescue	328.4	323.7	335.3	346.0	348.5	353.4
Fire-fighter pensions	20.8	20.9	20.8	21.0	21.3	21.5
Emergency planning and London Resilience	1.1	1.0	1.1	1.1	1.1	1.1
Central services	0.3	0.4	0.1	0.1	0.1	0.1
Savings to be required	0.0	0.0	0.0	0.0	-1.4	-10.2
Total revenue expenditure	384.1	379.1	391.7	403.6	404.8	401.6
Capital Financing	9.5	9.5	9.8	9.8	11.3	12.4
Interest Receipts	-0.6	-0.4	-0.4	-0.3	-0.3	-0.3
Net revenue expenditure	393.0	388.2	401.1	413.0	415.8	413.6
Transfer to/from reserves	3.5	8.4	-2.1	-9.5	-7.4	-0.1
Financing Requirement	396.6	396.7	399.0	403.5	408.4	413.5
Specific grants	-14.1	-14.2	-12.2	-12.2	-12.2	-12.2
Mayoral Funding Requirement	382.4	382.4	386.8	391.3	396.2	401.3

Appendix 3a – Proposed Savings from 2017/18 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
S004 17/18	Middle Managers Agreement Allowance The annual budget held by Central Operations for the middle managers agreement is £280k. These payments cover the performance of additional duties by SM and GM to maintain the operational rota. and also to provide planned cover of the next higher role. It is planned that these payments can be managed down over the following years to achieve this saving.	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	36,000	36,000	36,000	0
S006 17/18	Area Community Safety Budgets This would see a reduction in Other Supplies and Services. Area Community Safety budgets are currently set at £40k, with £10k allocated per area. Based on underspends it is proposed the budget is reduced to £28k in 2017/18 so each Area is allocated £7,000.	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	12,000	0	0	0
S007 17/18	Operational Staff - Station Manager from within RMC Staffing within Brigade Control has been reviewed, as a result, the proposed new structure maintains a Principal Operations Manager, 2 x Senior Operations Managers and a Station Manager. However, once the new structure has bedded in, the role of the Station Manager will be surplus to requirements, the day to day operational function can be performed by the Officer of the Day. Whilst the SM in control has been of benefit, now that the RMC functions are shared with control staff, in the control room, the need for that permanent Operational element has diminished. The OOD provides the support during the watch changes and are on call should further support be required.	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	0	73,919	0	0

Appendix 3a – Proposed Savings from 2017/18 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
S008 17/18	Brigade Control Admin Staff Staffing within Brigade Control has been reviewed, as a result, an FRS B will be removed from the London Operations Centre (LOC) admin team, which would leave 1 x FRS D and 1 x FRS B. The reduction of 1 x FRS B post would have little impact since the move from GVP a number of administrative functions have been reallocated to other departments since the building is shared and not solely control.	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	0	33,934	0	0
S017 17/18	Health and Safety - FRS staff reduction This saving proposes a reduction of 1 x FRS F Senior Health and Safety Advisor post. NB. This saving was previously identified (for the 2018/19 financial year) in the 2016/17 budget savings proposals return. The savings target for this department is only achievable through a reduction in staff. There is some flexibility in the health and safety team to reapportion workload. There would be an impact on the capacity of the health and safety team to react to urgent unplanned work. There would also be an impact on our capacity to deliver planned health and safety premises audits. These impacts are considered manageable and proportionate with the current budget challenges. The deletion of this post would present an opportunity to make some necessary change to departmental structure and roles.	B – manageable impact on service delivery	2. Firm/ reasonable plans in place	36,576	0	0	0
S018 17/18	Review Of Shared Services Working with MOPAC to review the Internal Audit shared service functions within Finance Department efficiencies and savings may be achieved. These result from improvements in Internal Audit productivity, the	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	41,600	29,800	0	0

Appendix 3a – Proposed Savings from 2017/18 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	changing nature of the Authority's organisational structure, financial position and increased automation in work processes which all contribute to a proposed reduction of planned audit days. The savings should be achievable but will be regularly reviewed as there are risks. For example, with fewer audit days available there would be less audits undertaken in a year and could lead to longer periods between audits being undertaken. This could lead to an increased risk to the Authority of fraud or poor practices not being discovered. If too many audit days were cut it could lead to External Audit not accepting the level of audit requirements for the Authority and therefore increasing the amount of work External Audit do and also the cost. In addition, with the likely abolition of LFEPA and the associated governance changes there is a risk that additional audit days may be required.						
S019 17/18	Finance Department Review Review the structure of Finance Department to strengthen resilience, help manage increasing workloads and deliver savings over future years. This includes considering the effects of the possible retirement of the Deputy Head of Finance and Payroll Manager, on-line operational overtime and accountants undertaking more closing of accounts work to meet the reduced statutory deadlines. There is a risk to the department and indeed to the Authority that resilience and cover is significantly reduced in financial support as well as separation of duties with the loss of key members of staff.	B – manageable impact on service delivery	2. Firm/ reasonable plans in place	0	11,800	41,600	0
S022	Metropolitan Fire Brigade Act	B –	2. Firm/	390,000	400,000	420,000	0

Appendix 3a – Proposed Savings from 2017/18 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
17/18	<p>Increased income from the MFB Act following higher than expected increase in the building costs indices which is a major factor in determining gross sums insured and therefore contributions. In addition the increase in new building in and around central London is starting to filter through in terms of insured business. Going forward 'Brexit' may be an issue leading to a possible change in building projects and costs. A general increase in premium costs may have an impact on insurance business with people choosing not to insure, or taking more risk to reduce the cost of insurance premiums. The Medium Term Forecast already includes year on year increases of 3.5%, and this proposal increases this to 5% every year. There are risks going forward following 'Brexit' with uncertainty leading to possible change in building projects and costs including that people may leave the London property market or choose not to insure. Insurance business may also be affected by the increases in the Insurance Premium Tax (IPT) increase that have just been announced. This means IPT has increased from 6% in 2015/16, up to 10% from October 2016 and is now 12% with effect from June 2017. Increasing premium costs may have an impact on insurance business with people choosing not to insure, or taking more risk to reduce the cost of insurance premiums. Recent terrorism incidents may also impact on insurance business with insurers themselves either moving away from terror cover, as they have done in the past, or being more cautious in their pricing of terror related premiums. The impact of the rising cost of</p>	manageable impact on service delivery	reasonable plans in place				

Appendix 3a – Proposed Savings from 2017/18 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	insurance on the Insurance market will be kept under review.						
S027 17/18	Disbanding of Emergency Services Network (ESN) Team Removal of the ESN team following the implementation of the ESN project. However, at present the indication is that transition will start in 2019 and take approximately 15 months. As a consequence this saving has moved from 2020/21 to 2021/22. The figures have been revised to reflect current expenditure budgets. If approved the Project team would not be available for post go-live issues or the mid-life refresh of the Vision solution.	A – limited or no impact on service delivery	3. Vague plans identified	116,357	0	0	276,814
S029 17/18	Mobile Data Terminal Project Vehicle Mounted Data System (VMDS) Licence costs - reduction due to price variation post go live.	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	80,000	0	0	0
S058 17/18	Member Allowances Remove remaining Member Allowances related budgets. New governance arrangements are anticipated to come into effect during 2018 under the Policing and Crime Bill resulting in the abolition of LFEPA. Thereafter there will be no elected Members and subsequently no need to retain the Members Allowances related budgets. .New governance arrangements are anticipated to come into effect during 2018 under the Policing and Crime Bill resulting in the abolition of LFEPA. Thereafter there will be no elected Members and subsequently no need to retain the Members Allowances related	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	73,634	0	0	0

Appendix 3a – Proposed Savings from 2017/18 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	budgets.						
S077 17/18	Democratic Services Contract Remove remaining budget for the GLA Shared Services arrangements for Democratic and Members Services. New governance arrangements are anticipated to come into effect during 2018 under the Policing and Crime Bill resulting in the abolition of LFEPA and the creation of a statutory London Fire Commissioner. The GLA have agreed that any savings from LFEPA's Governance function which might have transferred to the GLA to help meet its additional costs from LFEPA's change of structure, including the current arrangements with the GLA for Democratic Services are to remain with LFEPA.	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	159,108	0	0	0
S043 17/18	Car Schemes The budgets for leased car insurance, equipment, windscreens and tyres can all be reduced to reflect a known reduction in demand. There is no negative impact because the charges are pro rata in relation to the number of vehicles on the scheme. Provided the number of cars on the Leased Car Scheme do not increase, then the savings are achievable.	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	137,000	5,000	0	0
S044 17/18	Vehicle and Equipment - Accident Repairs The current run rate for accident costs shows that a saving for 2017/18 can be offered against the current provision in the budget. It is anticipated that a further £20k can be saved the following year. The accident repairs budget is demand led and cannot be forecast with accuracy, as the incidence and cost impact of accidents is not uniformly spread according to a trend line within a financial year period. Therefore, this saving	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	20,000	0	0	0

Appendix 3a – Proposed Savings from 2017/18 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	can be viewed as speculative and may increase or decrease depending upon the number and nature of accidents on operational fleet vehicles in the future. There are no other adverse impacts to note.						
S045 17/18	Vehicle and Equipment - Lost & Non Fair Wear and Tear on Operational Equipment The run rate has been calculated to show the declining trend of the incidence and cost impacts of non fair wear and tear chargeable items from Babcock for the fleet. This budget is largely demand led, although showing an annual decreasing trend. Provided that this trend is either stabilised or maintained, then the saving is achievable and there would be no negative impacts.	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	6,000	0	0	0
S033 17/18	FRS - Overtime A reduction in the overtime budget resulting from reduced requirement due to implementation of new Property Services structure and the Integrator contract. No impact anticipated	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	3,000	0	0	0
S036 17/18	Energy Efficiency projects Additional budget savings should be achieved on completion of Energy Efficiency projects (REFIT -Tranche 3) scheduled for 2017. Gas £24k, Electricity £24k. Saving Impact1). Efficiency savings are based on design model predictions which are not always achieved.2). Savings are dependent on no variants to project scope and projects being completed on time. There is a risk that the forecast savings will not be achieved. However a less prudent approach has been applied when the saving proposal was considered.	B – manageable impact on service delivery	2. Firm/ reasonable plans in place	48,000	0	0	0

Appendix 3a – Proposed Savings from 2017/18 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
S037 17/18	Office Equipment - Union Street Reduction in budget requirement for office equipment provided at Union Street. No impact anticipated	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	5,000	0	0	0
S038 17/18	Consultants The budget requirement has been reviewed due to underspends reported during the past three financial years. No impact anticipated	B – manageable impact on service delivery	2. Firm/ reasonable plans in place	10,000	10,000	0	0
Total				1,072,275	600,453	497,600	276,814

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
S001 and S002	Reduce Area Support Teams FRS-B reduction Area Support Teams (AST's) will review the staffing requirement for each area. Any reduction would initially have an impact on efficiency and resilience of the AST's.	C – detrimental impact on service delivery	2. Firm/ reasonable plans in place	160,753	160,753	0	0
S003	Consultants budget This saving within Development and Training is achievable based on recent underspends.	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	66,968	0	0	0
S004	WM B Post Saving The WMB post at a cost of £55,726 would be given up following the delivery of the increased flood capability project as set out in LSP2017. This saving would commence near the end of the year and would be spread over the two and is working on the assumption that the delivery of the project remains on schedule. This project is also examining the opportunities to work with outside partner to protect critical infrastructure and provide post flood activities for outside industry , both if achieved with provide a long term social and economic long term saving for the public and the LFB. This would reduce Rescue Skills capacity to undertake any additional work other than that currently being delivered by the remaining team members. Whilst the removal of the post following the delivery of the increased flood capability is predicted to have minimal impact on any other department, any subsequent increase in requirements associated with the FRU, general operational rescue capability, policy or equipment	B – manageable impact on service delivery	2. Firm/ reasonable plans in place	24,117	31,609	0	0

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	requirements would require consideration in future growth and/or agreement in the adjustment in departmental priority associated with other projects delivery requirements.						
S005	<p>Operational equipment Saving This would see a reduction in the operational equipment budget , which already follows a reduction in this budget line last year where £18,500 R&D was vied to TSS. The equipment budget is utilised to fund or contribute towards the initial delivery of new training as part of the TCAP process, as a means for departmental operational research or when delivering projects where minor funding gaps are identified (see example in savings impact column). The utilisation of this budget line contributes towards efficiency in the speed in delivery of projects by allowing its use for unforeseen issues. See additional explanation below. This budget is utilised to deliver operational items as an outcome/finding requirements during or following ongoing projects. Currently approx. £150k is allocated for the delivery of Flood and the AEDs and is not reflective of the usual budget line. In the past this has been utilised to support the delivery of the FIRE bags and shortfalls in GTS sizing requirements. A further reduction in this budget would see a reduction in the capacity for the department to deliver operational requirements expediently and could require funding been requested and drawn from other departments in the future.</p>	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	7,492	0	0	0
S006	<p>Operational equipment This would see a further reduction in the operational</p>	B – manageable	3. Vague plans	0	0	17,678	0

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	equipment budget in 20/21 leaving approximately £9,000 remaining for the delivery of new equipment for new training requirements, research and the general miscellaneous items identified during project delivery. The risk category increase compared to the S017 categorisation has been based on the assumption that this will have a cumulative effect by 20/21 as OP would become increasingly reliant on other departments to provide funding streams to deliver training, projects and new equipment. Notwithstanding possible support provided by other department equipment budgets, this would hinder OPs ability to deliver efficiency savings to the LFB as quickly and effectively as previously as it would require and would be dependant on successful negotiations with other departments to support projects. Subject to the above saving being taken, and taking into account the purpose and use of the budget, a addition reduction in this to the extent of £17,678 would require OP to draw from other departments budgets to deliver any changes in operational requirements in the future.	impact on service delivery	identified				
S007	Staff Savings 1 GM post was deleted in 2017/18 as part of the budget process. £13k of this saving was left in the departments budget as it was expected to be used to fund additional items of expenditure. This has been reviewed and can now be offered up as savings going forward. no impact	B – manageable impact on service delivery	1. Definitely happening (fully costed and deliverable)	13,000	0	0	0
S008	Staff Savings Following the deletion of 1 GM, 1 WMB post was created and the residual saving of £28k can be used to	B – manageable impact on	1. Definitely happening (fully costed	28,000	0	0	0

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	meet the departments saving target.	service delivery	and deliverable)				
S009	Metropolitan Fire Brigade Act This develops from the saving above. The outturn for 2016/17 and the returns for 2017/18 provide positive indications on the buoyancy in insurance premiums therefore it is proposed to extend the 5% year on year increase into 2021/22. The risks is as set out above - things could change in the insurance and cause insurance premiums to start to decline. The risk is mainly that the UK exit from the EU diminishes the UK standing on the world stage, particularly in relation to financial services.	B – manageable impact on service delivery	3. Vague plans identified	0	0	0	440,000
S010	Reduce Assessments budget This budget funds assessment materials. Savings relate to budget underspend in 2016/17 and forecast for 2017/18. No impact on other departments as anticipated service levels will be maintained	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	10,000	0	0	0
S011	Reduce Medical Appeals budget This budget is to fund appeals with the Board of Medical Referees (approx. £6.5k unit cost). This budget has been consistently underspent in recent years as there have been less appeals p.a. than the budget provides for. Savings relate to budget underspend in 2016/17 and forecast for 2017/18. No impact on other departments as anticipated service levels will be maintained	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	20,000	0	0	0
S012	Reduce Medical Expenses budget Expenditure on this budget reduces year-on-year as provision to reimburse medical expenses is only for pre-	A – limited or no impact on service	2. Firm/ reasonable plans in	10,000	0	0	0

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	1994 starters. Savings relate to budget underspend in 2016/17 and forecast for 2017/18. No impact on other departments as anticipated service levels will be maintained	delivery	place				
S013	Reduce Medical & Welfare services budget This budget funds the OH contract. A modest reduction is achievable: there is a structural underspend on this budget however there will be some additional calls on the budget this year arising from, e.g., Grenfell. Savings relate to budget underspend in 2016/17 and forecast for 2017/18. No impact on other departments as anticipated service levels will be maintained	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	7,540	0	0	0
S014	Reduce Third Party Reports budget This budget is to fund reports from GPs/specialists. This budget has been underspending in recent years. Savings relate to budget underspend in 2016/17 and forecast for 2017/18. No impact on other departments as anticipated service levels will be maintained	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	10,000	0	0	0
S015	Medical & Welfare expenses The results of the retender of this contract have now been agreed by Resources Committee (FEP 2794), with the impact of a saving in 2018/19.	B – manageable impact on service delivery	3. Vague plans identified	41,351	0	0	0
S016	Terminal Server Lifing Policy The introduction of the hyper converged server solution for the Terminal Servers as a capital project will facilitate a reduction in the provision made for the replacement of these servers on an annual basis. The technology change together with the change to funding approach removes	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	79,670	0	0	0

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	any direct impact.						
S017	<p>Mobile Data Plan Having reviewed the Current Vodafone contracts we are able to reduce this budget requirement. As this has been achieved through a rationalisation of the packages in use. The intention is to move to Vodafone Data Sharer which allows a single data bundle to be shared between multiple Connections within a group There is no direct impact.</p>	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	42,704	0	0	0
S018	<p>Car Schemes - Tendering The leased car scheme and subsequent mini competition are tendered via the Halton framework. The fee for this is an average of £7.7k per year. By tendering this via our own Procurement department, we would save an average of £7.7k per year. This cannot be done until 2021/22, i.e. after the impending framework, but because of the financial mechanisms of the leased car scheme within LFB (benchmark costs above which the officers pay their contribution), the savings would not directly accrue to the Authority's budget, but rather in the majority of cases the savings will benefit the officer instead. (There is an agreement in place not to reduce the benchmark). This requires further discussion with Central Finance as to how the Authority's budget could receive the benefit of this saving - this could be included as part of the discussions on the proposed changes to the terms of insurance.</p>	A – limited or no impact on service delivery	3. Vague plans identified	0	0	0	7,700
S019	<p>Contract Vehicle Hire Reduce Procurement Department's budget for vehicle contract hire from £1k to £500. In recent years, the</p>	A – limited or no impact on service	1. Definitely happening (fully costed	500	0	0	0

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	average use of this budget has been for one visit per year to the BDC which requires external hire, so removing £500 as a saving from this budget will have no adverse effects except the occasional year when more than one coach hire is required. Therefore, this can be offered up as a saving.	delivery	and deliverable)				
S020	Consultancy The demand for consultancy in Procurement has reduced in recent years. There is a surplus of £860.No adverse impacts	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	860	0	0	0
S021	Hydraulic Platforms The staged removal of 4 Hydraulic Platform (HPs) vehicles via the rationalisation of the Aerial Fleet following the introduction of the new more reliable aerals. HPs are currently scheduled to be removed Oct 2018, Jan 2019, Apr 2019, and June 2019. This is subject to confirmation by the Aerials Project Manager in TSS, and will be according to the progress of that project. Should delays occur in that project, the profile of savings may change. Delivery of the new aerals is expected from July 2018 and then roll out will include training crews on the new vehicles. It is anticipated that this training will be complete by end of June 2019. Between July 2018 and June 2019, the HPs will be removed from the fleet in accordance with the progress of the training programme. The removal of the 4 HPs has been planned for many years, however, an operational review of this may be required in view of the recent Grenfell incident, however, it should be noted that the HPs are out of life.	A – limited or no impact on service delivery	3. Vague plans identified	29,578	136,798	11,092	0

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
S022	<p>Personal Protective Equipment</p> <p>Savings from existing budget provision for the new PPE kit. There are no adverse impacts from realising this saving. The figures have been included in the PPE part 2 report to Resources (July 2017). The new kit is at a reduced cost and there are less numbers of kit due to staffing reductions. These savings can be achieved provided that the number of firefighters does not increase, otherwise the savings would need to be reduced.</p>	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	158,000	185,000	0	0
S023	<p>Water Spend</p> <p>Part of the underspend in the hydrant maintenance budget. This function was fully been transferred to the Procurement Department on 1 April 2017. The current budget for hydrant maintenance is £600k per year, however, in recent years only circa £400k of this budget has been spent. However, there are a number of improvements being developed, including invest to save initiatives. It is envisaged that £75k of the £200k underspend can be offered as a saving, however, it must be stipulated that the Department is at an early stage in developing the business of the water function, and this saving may prove to be overstated or perhaps understated. More time is required to be sure regarding what amount of underspend will not be required in the longer term.</p>	B – manageable impact on service delivery	2. Firm/ reasonable plans in place	75,000	0	0	0
S024	<p>Incident Response Vehicles</p> <p>The incident response vehicles are not due for replacement., but were a temporary introduction as part of the 2012 Olympics. Remove the use of these vehicles</p>	C – detrimental impact on service	2. Firm/ reasonable plans in place	10,480	0	0	0

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	from the current teams. Any ongoing need should be set out as a growth bid by Client departments.	delivery					
S025	BDC Forklift (FLT) Invest to save; capital purchase of FLT for BDC operations . The use of the FLT at the BDC is relatively low. Currently, the budget for the FLT lease is 4k per year. Purchasing the FLT via capital (estimated 15k) would result in revenue savings of £3.5k in the first 5 years and £2.5k per year thereafter. The purchase would come with a 3 year warranty plus a planned preventative maintenance regime @ £85 per year. The relatively low use is unlikely to result in high repair costs, but these have been factored in between year 6 and 10. The resultant £3.5k saving is per year for the first 5 years and then £2.5k per year for years 6 to 10.	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	3,500	0	0	0
S026	Income - commercial A £595k increase in income resulting from additional space rented out at Union Street. Part of this income will fund improvements to the reception service at Union Street at an annual cost of £101k. No impact.	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	494,000	0	0	0
S027	Property restructure An approved restructure in Property Services resulted in a reduction in the establishment. New structure was implemented from 1/7/17. No impact anticipated.	A – limited or no impact on service delivery	1. Definitely happening (fully costed and deliverable)	44,000	0	0	0
S028	Operational Equipment Based on recent experience a reduction in the Fleet operational budget should be achievable. No impact anticipated.	A – limited or no impact on service delivery	1. Definitely happening (fully costed and	9,000	0	0	0

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
			deliverable)				
S029	<p>Clothing</p> <p>A reduction in clothing budget should be achievable based on previous year spend. Based on current approved establishment, there is a small risk that this budget could be underfunded in future years, as demand fluctuates each year.</p>	B – manageable impact on service delivery	1. Definitely happening (fully costed and deliverable)	800	0	0	0
S031	<p>BA Equipment Repair</p> <p>In the past two years PEG have exceeded their income budget for the maintenance and repair of customers BA equipment. Demand for this service is expected to remain at the existing level and an increase in income of £16,100 is proposed. There should be no impact unless the proposed relocation of PEG workshops interrupts the service provision to customers.</p>	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	16,100	0	0	0
S032	<p>Office Equipment</p> <p>A reduction in the funding allocated for office equipment This can be accommodated within the existing budget. The level of ongoing office equipment funding costs will be reviewed as part of the forthcoming PEG relocation.</p>	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	0	300	300	300
S033	<p>Office Furniture</p> <p>A reduction in the funding allocated for office furniture This can be accommodated within the existing budget. The level of ongoing office furniture funding costs will be reviewed as part of the forthcoming PEG relocation.</p>	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	0	100	100	100
S034	<p>Reduce Recruitment Advertising</p> <p>Reduce recruitment advertising based on underspends from previous years.</p>	A – limited or no impact on service	2. Firm/ reasonable plans in	13,600	0	0	0

Appendix 3b – Proposed Savings from 2018/19 Budget Process

Ref	Saving Description	Risk Category	GLA Risk Category	Saving in 2018/19 £	Additional Saving in 2019/20 £	Additional Saving in 2020/21 £	Additional Saving in 2021/22 £
	The impact of this saving is minimal. The budget has continuously been underspent in previous years. It is anticipated the remaining budget will be sufficient.	delivery	place				
S035	Telecom Income This saving represents additional income for telecom masts at LFB premises. This is due to existing leases that have either been reviewed or renewed where the lessee had not previously given any indication that they would be extending the agreement. there is a risk that these agreements will not renewed as they expire as previously reported to the Authority.	A – limited or no impact on service delivery	2. Firm/ reasonable plans in place	148,000	0	0	0
Total				1,525,013	514,560	29,170	448,100

Appendix 4 – Proposed Growth

Ref	Description of Growth	2018/19 £	2019/20 £	2020/21 £	2021/22 £
G001	Control Staff Structure Upgrade six CRO posts to AOM posts in 2018/19.	55,800	0	0	0
G002	IEC bag redesign To make firefighters response to emergencies more efficient, particularly at dynamic MCR incidents. A redesign of bag will allow specific items to be quickly located and distributed (internal grab packs). Cost of current IEC bag is £225, redesign and manufacture of new bag would roughly cost the same, 180 bags at total cost of £40,500. The redesigned bag and materials utilised would take into account the increase clinical cleaning requirements, similar to those processes required within the LAS.	40,500	0	0	0
G003	Senior Officer IEC Courses Currently Senior Officers are eligible for the SOFA (Senior Officers First Aid) course. This is a one day course which attracts no qualification. Access to IEC would see Senior Officers train alongside front line crews, gaining the same qualification. No TCAP would be required for this, however adding all Senior Officers to the eligibility report would increase the number of courses by 18. Assuming all will require the IEC5 acquisition course, current TU costs for this will be £10687.14, IEC3 requalification (every 3 years) costs £8312.22 and IEC1 annual IEC update costs £5937.30 annually.	10,687	(4,750)	0	0
G004	BA/EDBA replacement project The creation of a team to deliver this project has previously been agreed and reserves allocated by Finance in anticipation of the commencement of the project. A CMB paper will shortly be submitted providing a range of options for the replacement of BA and EDBA, once agreed the project will get underway. The enclosed figures are approximate staffing costs only.	270,000	0	0	0

Appendix 4 – Proposed Growth

Ref	Description of Growth	2018/19 £	2019/20 £	2020/21 £	2021/22 £
G005	Internal communications Increase the in-house resource for internal communications x 1 FRS E officer to manage digital communications. This would allow the department the resource it needs to manage hotwire, and other digital platforms purely from an internal perspective, rather than the current position of a digital officer managing all internal and external digital communications work.	52,490	0	0	0
G006	Internal communications Increase the in-house resource for internal communications x 1 FRS C officer focusing on face-to-face communications as set out in the internal communications review 2017.	40,300	0	0	0
G007	External Communications Increase the resource for external communications x 1 FRS E officer to supplement the press and public affairs teams. This would allow more resilience in these teams during major incidents when getting accurate and timely advice to the press, public and stakeholders is most crucial and in staffing the out of hours on call rota. It would also provide more capacity to react in the medium term to inform public debate through information sharing and campaign activity.	52,490	0	0	0
G008	Security Monitoring Software This item is required to ensure the continued integrity of the ICT environment	84,000	0	0	0
G009	Responsible Procurement (RP) The contribution from LFB to the RP Central Team at the GLA will be £74k pa.	74,000	0	0	0
G010	90mm Hose Layer Hose Testing The required annual testing of the Authority's stock of 90mm hose layer hose is currently undertaken by Babcock because of manual handling issues with the existing PEG	15,000	0	0	0

Appendix 4 – Proposed Growth

Ref	Description of Growth	2018/19 £	2019/20 £	2020/21 £	2021/22 £
	building. It is currently funded from TSS underspends as there is no dedicated funding stream. The requirement for other savings means this is no longer a sustainable position. The new PEG building has provision for a bespoke hose testing facility and the necessity of having Babcock undertake this work will be reviewed as part of the specification of the hose testing equipment.				
G011	Air Cylinder Moisture Monitoring Equipment As a result of the recent Chief Fire Officers Associated guidance on the monitoring of moisture within breathing apparatus air cylinders. It is necessary to purchase a quantity of bespoke testing equipment as part of a new monitoring regime.	20,000	(20,000)	0	0
G012	Revenue Funding for Option Appraising – Major Property Projects LFB Property have identified that there is a need for revenue funding to review options to get major projects included in the capital programme off the ground . Revenue funding will be spent on consultancy fees to review options before a single option is selected and progressed to a feasibility study. This reflects that there is a change in Property projects reflecting that there is an aspiration to start a number of more complex and major projects to deliver a programme of work.	100,000	0	0	0
G013	Major Property Projects - additional staffing Additional resource to support the major project team.	129,286	0	0	0
G014	ICT Recruitment Manager A team leader for the ICT security team is required to head up this group. The amount of work that this group is being expected to undertake has increased exponentially in recent years and a lack of resource will mean that key projects may	64,643	0	0	0

Appendix 4 – Proposed Growth

Ref	Description of Growth	2018/19 £	2019/20 £	2020/21 £	2021/22 £
	be delayed and that we have insufficient resource to support day to day activities.				
Total		1,009,196	(24,750)	0	0

Appendix 5 – Risks and Opportunities to the Financial Position

1. Firefighter and Local Government Pension Schemes

- 1.1. The results of the 2016 valuation of the firefighters pension scheme, which are to be implemented with new **pension contribution rates** from 2019/20, are not yet available. There are a number of assumptions in the budget plans for changes to costs to be implemented through the valuation, but the Authority is only able to provide estimates of these at this time. These estimates in particular relate to:
- changes to the discount rate for public sector pensions,
 - the inclusion of retained firefighters in the pension scheme (with the opportunity to buyback past service),
 - the impact of the contributions holiday for staff reaching 30 years (maximum) service before age 50 (minimum retirement age), and
 - the expected reduction in RSG as a result of reductions in employer contribution rates from the introduction of the 2015 scheme.
- 1.2. The Fire Brigade Union has notified LFEPA, along with 49 other Fire and Rescue Authorities, of a potential **discrimination claim** in connection with the transitional arrangements applicable to the 2015 Firefighters Pension Scheme, as explained in FEP2506. Any increase in the numbers receiving protection under the transitional arrangements may lead to a budget pressure. Any changes may also have an impact on other public sector pensions, including the LGPS. Although the Employment Tribunal (ET) had determined that the transitional (protection) arrangements, which were designed to protect those within ten years of normal pension age are objectively justified, a subsequent Employment Appeals Tribunal (EAT) allowed the firefighter's appeal on a narrow basis. The EAT has granted respondents permission to appeal, which the fire and rescue authorities and its also understood the Government are preparing.
- 1.3. The Authority's next stage of **pensions auto enrolment** implementation is set for June 2019 when staff that have opted out will be enrolled into a pension scheme. It is currently assumed that 40% of staff who are enrolled in this way will remain in the scheme, with additional employer pension contributions of £641k. Any variation to this forecast may have a budget impact for LFEPA.

2. London Pensions Fund Authority (LPFA) Pensions Administration

- 2.1. The London Pensions Fund Authority (LPFA) and Lancashire County Pension Fund have formed a partnership and from April 2016 have created a wholly owned company, **Local Pensions Partnership** (LPP), to manage pension fund investment activities (only on the Local Government Pension Scheme (LGPS)) and also to provide pensions administration services, including to third party clients on the LGPS and the Firefighters' Pension Scheme. On 16 September 2016 the Resources Committee agreed (FEP2644) that the Director of Finance and Contractual Services is to continue the current shared service arrangement with the LPFA for the administration of the Firefighters' Pension Scheme but with the LPFA then sub-contracting to the LPP. This allows for a trial period using the LPP services whilst officers consider market testing of the Firefighters' Pension Scheme administration to seek the best solution to the Authority's requirements going forward. This could lead to an increased cost to the service. The Authority currently pays the LPFA £272k pa under a shared service arrangement to provide administration services for the firefighter pension scheme.

3. Pay and Inflation

Appendix 5 – Risks and Opportunities to the Financial Position

- 3.1. An **apprenticeship levy** was introduced from 6 April 2017 and is charged at 0.5% of payroll. A budget pressure was identified for this of £1.1m, and therefore treats this as an additional cost from the 2017/18 financial year. The value of the levy, topped up by a 10% government contribution, is added to an employer's digital account and is available to be used to pay for the costs of apprenticeship training. Officers are investigating how use is made of apprenticeship schemes, to potentially allow access to the funding available in the digital account. It is currently forecast that that LFEPA will be able to apply £1.1m annually from the digital account from 2019/20, but the actual amount may be higher or lower.
- 3.2. The outcome of the **EU referendum** has led to some significant economic uncertainty. The impact of this is currently unclear, and so preparing forecasts for increases in general inflation remains difficult.
- 3.3. LFEPA has made a budget provision for a 2% **pay award** for all staff in each of the next four years from 2018/19 to 2021/22. Negotiations are ongoing on the national firefighters pay award for 2017, and there is increasing pressure on the public sector pay cap.
4. Capital Expenditure and Financing
 - 4.1. The capital budget is subject to change during the year. Initial project specification is key as it is important to keep variations to projects to a minimum, as change once a project has been agreed and commenced may result in additional costs. However even a well managed project can be subject to **re-phasing or deferral** due to a number of unforeseen issues, such as failure or default on the part of the contractor or exceptionally adverse weather conditions. This can also impact on funding requirements which in turn may have a debt charge (cost of borrowing) revenue impact.
 - 4.2. All capital projects will require **third party collaboration** to varying degrees over the project life. The programme depends heavily on external factors and therefore can be subject to variation with the potential for delays in project delivery and revised cash flow requirements. The capital programme is managed on a monthly basis and is reported quarterly to the CAPS group (Capital, Approval, Planning and Strategy Group, chaired by the Director of Finance & Contractual Services) where all changes to the programme are reviewed and substitution projects or re-financing proposals are assessed and agreed.
 - 4.3. The debt charges arising from the capital programme have been calculated using the current forecast Public Works Loans Board (PWLB) rates. No allowance has been made in the capital programme for potential future **capital grants or contributions** and LFEPA will bid for available capital resources as and when such opportunities arise.
 - 4.4. The Capital Programme for 2017/18 previously included a forecast capital receipt of £10m for the sale of **Clerkenwell Fire Station**. This receipt has now been deferred to 2018/19 and the future financing costs have been revised to reflect this change. If this property is not sold in 2018/19 this could result in an increased borrowing requirement and resulting capital financing costs estimated at £857k. This is based upon the current forecast capital programme and doesn't take account of any re-phasing or slippage that might occur.
 - 4.5. The Authority has entered into a conditional contract for the sale of the site of the former **Southwark Training Centre** with Hadston. The price specified therein is £54 million, payable in two equal tranches. Planning consent for a development scheme on the property was granted by Southwark Council at the end of January 2018, which should have led to the completion of the contract in the Summer of 2018. However, the planning consent was made subject to a number of conditions, most notably relating to affordable housing. As a result, the timing for completion of our transaction with Hadston is very uncertain but it should still occur within 2018/2019.

Appendix 5 – Risks and Opportunities to the Financial Position

- 4.6. A review is being undertaken regarding the options to replace the Respiratory Protection Equipment which will incorporate the extended duration breathing apparatus (EDBA). It is envisaged that the procurement will commence during 2019 and as to date, no budget allowance has been included in the capital programme for this scheme. The budget will be added once the outcome of the review is known.
- 4.7. As the new site for Plumstead fire station is yet to be purchased or a leased agreed, there is a risk that the project programme will be delayed. The LFB Training Centre project has a dependency on PEG moving out of Croydon, any delay to the PEG/BDC development may have a knock on effect on the delivery of the Training Centre programme. The lease agreement for the new combined PEG/BDC facility (Integrated and Equipment Logistics Project – IELP) has been recently signed and the fit-out/adaptation works are to commence shortly. Should these risks in respect of site acquisition/programme delays materialise, this could result in reduced expenditure in future years compared to the current forecast budgets for these major capital projects.
- 4.8. The design and specification of the replacement vehicles and equipment is now underway following the commencement of the new contract in November 2014. Key risks relate to the contractor sourcing appropriate vehicle build options within a timeframe that meets fleet replacement requirements and which may in turn impact the Authority's cash flow. The forecast cash expenditure for 2017/18 and future years is based on the current assessment of the stage payment requirements for the pump replacement programme which represents 48% of the forecast Vehicles and Equipment expenditure in that period and the delivery timings for the balance of the fleet replacement programme
5. Property Services
 - 5.1. Of the 10 LSP5 sites, eight have been sold. It is not known exactly when the remaining sites will be disposed of and delays will result in additional **security costs** for those sites.
 - 5.2. The 2017/18 budget report (FEP2708) included material savings for **energy budgets**. This budget has underspent in recent years, in part because of the prudent assumptions used when calculating the budget requirement. These additional savings will therefore set the budget at a less cautious level, and as a result this will increase the risk of overspends in subsequent years, for example because of a colder than average winter.
 - 5.3. The cost of **replacement property contracts** are now likely to be above that previously forecast. The procurement approach for these contracts is currently being finalised and the budget will be updated once the prices are known.
6. Funding from the Mayor and Central Government
 - 6.1. The report on the Mayor's Budget Guidance (FEP2733), now updated for the Mayor's consultation budget 2018/19, explained that the Mayor set indicative funding allocations for LFEPA for planning purposes covering the next four financial years. However there is uncertainty about the level of funding for future years in part due to a number of risks on **retained business rates**.
 - 6.2. The current **four year funding settlement** from central Government runs out at the end of 2019/20. Over the next year there are going to be a number of consultation exercises and the publication of a series of technical papers leading to final options for needs and resources assessments in the spring of 2019 followed by the setting of baseline funding levels, together with transitional arrangements, in the autumn of 2019. The new arrangements will then come into effect for the 2020/21 financial year. The result of this work may then materially affect the

Appendix 5 – Risks and Opportunities to the Financial Position

funding for fire that the Mayor receives. It would then be up to the Mayor to decide what impact, if any, there is to LFEPA's financial position.

7. Collaboration, New Initiatives and Service Improvements

- 7.1. It is intended to review the way **London resilience** (including MTFAs) challenges are addressed within LFB. To provide safe systems of work and to address new/developing risks it is likely substantial costs will be required for personal protective equipment, other relevant resources and training. This roll out will be affected / influenced by the outcome of the national joint council negotiations which include MTFAs.
- 7.2. **Co-responding** has previously been piloted in four London Boroughs by LFEPA. If co-responding is later re-introduced across London this may result in additional financial costs, if additional funding is not provided.
- 7.3. Any **collaboration with the London Ambulance Service** at the Authority's London Operations Centre would require works to the existing building. The cost of this is not currently included in LFEPA's medium term forecasts.
- 7.4. Discussions between officers and the FBU have now agreed a new watch structure in order to further improve the resilience of the Brigade by simplifying, yet strengthening, the **officer structure at stations** with the intention to reduce officer out duties and improve appliance availability. This will resolve some longstanding issues around appliance redeployment, address the issue of WMAs working alongside WMBs on the same watch and achieve some general efficiency improvements. This will ensure that watches are less reliant on staff from other stations to keep their appliances available for the shift through a more sequential use of acting up, out duties and redeployment of appliances. This would give a greater level of appliance availability throughout the shift, which when combined with the new approach to direct standbys, will maximise the resources we currently have. Work is now taking place to develop the implementation plan, including a full assessment of the costs of the new structure.

8. Emergency Services Mobile Communications Programme (ESMCP)

- 8.1. DCLG will replace the existing **Airwave contracts**, which expire in the period up to 2020 as part of the ESMCP. There could be significant financial pressures to LFEPA under any new contract provision. The current contract is subsidised and DCLG may be unwilling to continue to subsidise any future system. The budget plans also include a saving of £277k in 2021/22 for disbanding the project team. It is now clear that the forecast dates for the programme will change, work is continuing within the Home Office to update both the project timeline and the Full Business Case. It is currently expected that the revised timeline together with any impact on funding arrangements should be made known early in 2018. Once received the budget forecasts will be updated accordingly.

9. Contractual Pressures/ Risks

- 9.1. Significant demand continues to be placed on the **Information and Communications Technology Department** to meet new requirements and aid in the development of smarter systems for the Authority. This is at a time where resources are limited and as a result there is a risk that development of information technology solutions may be constrained.
- 9.2. The company that provided and supported the Authority's **Command Support Unit system** software has ceased trading. Whilst there is now a supplier in place supporting the system and interim arrangements have been agreed there is no formal arrangement yet in place to support the deployed version other than on a time and materials basis. There may then also be additional training requirements once a replacement system is implemented.

10. Changes to Income

Appendix 5 – Risks and Opportunities to the Financial Position

- 10.1. **Telecommunications income** in respect of radio masts may be reduced in the future due to a reduction in the number of operators in the industry and a potential change to legislation on access to land by operators.
- 10.2. The saving proposals for 2017/18 and 2018/19 included material savings for income generated through the **MFB Act**. This budget has recovered more income than budgeted and caused an underspend in recent years, in part because of the prudent assumptions used when calculating the budget requirement. These additional savings will therefore set the budget at a less cautious level, and as a result this will increase the risk of overspends in subsequent years.

Appendix 6 – Capital Programme

APPENDIX 6 – FUTURE CAPITAL PROGRAMME	2017/18 Budget Mar 2017 FEP2709	B/fwd from 2016-17 Outturn	C/fwd to 2018/19/s avings New Projects	Revised 2017-18 Capital Budget Qtr 3 2017	2018/19 Budget	2019/20 Budget	2020/21 Budget	Prior Years Spend	Projected project Spend	Approved budget
ICT Projects	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Upgrade Operating System	100	(2)	(98)	0	98	0	0	2,091	2,189	2,350
Business Intelligent Solution	810	190	(760)	250	600	600	360	0	1,810	1,810
Control & Mobilisation System (CAMS)	488	(18)	(470)	0	470	0	0	9,002	9,472	10,650
Mobile Data Terminals Replacement	400	(112)	(231)	57	71	0	0	1,972	2,100	2,100
Personal Radio Replacements	200	0	(200)	0	1,300	0	0	0	1,300	TBA
Home Fire Safety Database (linked to Farynor Project)	70	60	(130)	0	130	0	0	0	0	n/a
Replacement of laptops (FEP2462)	80	51	203	334	0	0	0	69	403	450
Public Services Network	707	0	(707)	0	707	0	0	0	707	Q4 16-17
ICT – Accident (event) reporting solution	0	70	60	130	0	0	0	0	130	130
Online Payment Facility	70	0	(70)	0	70	0	0	0	70	Q4 17-18
New audio visual equip for Union Street	130	0	20	150	0	0	0	0	150	130
ICT – Blade Farm/ Hyperconverged Server	0	300	(300)	0	0	0	0	0	0	TBA
ICT – Virtual Desktop Technology	250	0	(250)	0	250	0	0	0	250	TBA
New telephone system equipment	0	157	0	157	0	0	0	0	157	157
New computer terminals	25	44	0	69	0	0	0	0	69	75
Netscaler Replacement	0	0	0	0	0	400	0	0	400	TBA
Core Network 6509 Replacement	0	0	0	0	0	0	1,900	0	1,900	TBA
Core Switch Modules	0	0	0	0	300	0	0	0	300	TBA
Wireless LAN Controllers	0	0	120	120	0	0	0	0	120	120
Network Access Switches 3650 Replacement	0	0	0	0	0	750	0	0	750	TBA

Appendix 6 – Capital Programme

	2017/18 Budget Mar 2017 FEP2709	B/fwd from 2016-17 Outturn	C/fwd to 2018/19/s avings New Projects	Revised 2017-18 Capital Budget Qtr 3 2017		2018/19 Budget	2019/20 Budget	2020/21 Budget	Prior Years Spend	Projected project Spend	Approved budget
APPENDIX 6 – FUTURE CAPITAL PROGRAMME											
Wireless Access Points	0	0	0	0		853	0	0	0	853	TBA
Data Centre Switches 3750 Replacement	0	0	0	0		104	0	0	0	104	TBA
Station Network Rewires	0	0	0	0		200	100	100	0	400	TBA
New ISP	0	0	0	0		0	500	0	0	500	TBA
New WAN	0	0	0	0		0	0	500	0	500	TBA
Physical Server Environment	0	0	300	300		0	0	0	0	300	TBA
VM Server Environment Hosts	0	0	0	0		0	500	0	0	500	TBA
Network Storage	0	0	0	0		750	0	0	0	750	TBA
Replacement of laptops	0	0	0	0		0	563	0	0	563	TBA
New computer terminals - Thin Client	0	0	0	0		0	0	1,150	0	1,150	TBA
New audio visual equip for Stations	0	0	0	0		0	0	100	0	100	TBA
New computer terminals - Fat Client	0	0	0	0		0	100	0	0	100	TBA
ICT Projects Over programming	0	0	(420)	(420)		(2,207)	(2,913)	(1,750)	0	(7,290)	TBA
ICT PROJECTS	3,330	740	(2,923)	1,147		3,696	600	2,360	14,915	20,871	
ESTATE PROJECTS											
Fire Station Refurbishment (Middx FS)	1,000	17	(1,017)	0		100	1,167	2,000	n/a	3,267	n/a
Alteration works to Union St HQ	0	75	(33)	42		0	0	0	625	667	700
Workplace Improvement Plan (WIP) Union Street		0	240	240		0	0	0	0	240	240
Plumstead Fire Station Redevelopment	2,500	0	(2,500)	0		1,500	4,350	147	0	n/a	n/a
Bromley FS works	169	45	26	240		0	0	0	552	792	890
LFB Museum – Fitout	350	50	(382)	18		30	2,352	0	0	2,400	2,400

Appendix 6 – Capital Programme

	2017/18 Budget Mar 2017 FEP2709	B/fwd from 2016-17 Outturn	C/fwd to 2018/19/s avings New Projects	Revised 2017-18 Capital Budget Qtr 3 2017		2018/19 Budget	2019/20 Budget	2020/21 Budget	Prior Years Spend	Projected project Spend	Approved budget
APPENDIX 6 – FUTURE CAPITAL PROGRAMME											
Refurbishment of Edmonton Fire Station	940	0	(940)	0		100	890	0	0	990	Mar 2018
Heating at various stations	600	158	817	1,575		1,350	1,350	1,350	n/a	n/a	n/a
Window replacement at various stations	300	0	(160)	140		400	400	400	n/a	n/a	n/a
Rewiring of property at various fire stations	464	116	209	789		600	600	600	n/a	n/a	n/a
Energy Conservation/ Invest to Save Projects	0	(6)	6	0		0	0	0	n/a	n/a	n/a
Building Energy Efficiency Programme (BEEP2)	754	63	(53)	764		0	0	0	n/a	n/a	n/a
Minor Improvement Programme	1,166	515	(679)	1,002		1,467	1,300	1,300	n/a	n/a	n/a
Corporate Property Project	50	0	(50)	0		0	0	0	n/a	n/a	n/a
Appliance Bay Doors (Phase 3)	200	20	145	365		475	200	200	n/a	n/a	n/a
Appliance Bay Floors	250	0	(250)	0		0	0	0	n/a	n/a	n/a
Brigade wide Survey for Asbestos & Removal	50	0	0	50		50	50	50	n/a	n/a	n/a
Fire Safety Works at Fire Stations	0	54	6	60		47	0	0	n/a	n/a	n/a
Forecourts/Rear yards Refurbishment	300	0	0	450		0	0	0	n/a	n/a	n/a
Development costs	250	0	(94)	156		250	250	250	n/a	n/a	n/a
ESTATE PROJECTS	9,343	1,116	(4,568)	5,891		6,369	12,909	6,297			
OTHER											
Replacement of Fleet and Operational Equipment	17,468	2,722	(4,299)	15,490		11,535	18,060	10,488	10,813	66,837	TBA
Establishing a London Co-ordination Centre at HQ	0	111	0	111		0	0	0	268	380	380
Data transfer system for Joint Emergency Services Interoperability Programme	0	266	0	266		0	0	0	0	266	266

Appendix 6 – Capital Programme

	2017/18 Budget Mar 2017 FEP2709	B/fwd from 2016-17 Outturn	C/fwd to 2018/19/s avings New Projects	Revised 2017-18 Capital Budget Qtr 3 2017		2018/19 Budget	2019/20 Budget	2020/21 Budget	Prior Years Spend	Projected project Spend	Approved budget
APPENDIX 6 – FUTURE CAPITAL PROGRAMME											
Fire Initial Response Equipment (F.I.R.E.) system	0	24	0	24		0	0	0	96	185	185
OTHER	17,468	3,123	(4,299)	15,891		11,535	18,060	10,488	11,367	67,983	
New Proposed Projects (* = Approved)											
Early Replacement of ALP & HP*	5,280	0	(5,280)	0		3,750	5,980	0	0	5,280	5,280
CCTV on Pumping Appliances *	405	0	0	405		79	0	0	0	484	501
Early Replacement of Fire Boat*	100	0	(100)	0		1,000	1,250	250	0	2,500	2,500
Asset Management Plan	10,000	0	(10,000)	0		0	0	0	0	40,000	Various
West Hampstead Cottages Refurb (FEP2776)	0	0	20	20		670	30	0	0	720	720
Farynor Replacement (linked to ICT Home Fire Safety Database Project)	375	50	(375)	50		700	0	0	0	750	£100k fees
Improve Security at all Fire Stations, Offices & HQ	200	0	(200)	0		100	1,255	1,250	0	2,605	TBA
Business Management System (PMF)	190	0	(190)	0		215	0	0	0	215	TBA
New Training Centre *	3,534	69	(3,206)	397		7,374	6,872	737	120	15,500	15,500
PEG/BDC Development	3,750	0	(3,410)	340		3,610	50	0	0	4,000	4,000
22mm Water Hose and Reel for Appliances *	1,000	500	0	1,500		0	0	0	0	1,500	1,500
Vehicle Security *	981	0	408	1,389		0	0	0	0	1,105	1,389
New Projects TOTAL	25,815	619	(22,333)	4,101		17,498	15,437	2,237	120		
Projected Underspend	(6,686)	0	0	(6,686)		0	0	0	0	(6,436)	n/a
CAPITAL EXPENDITURE TOTAL	49,270	5,599	(34,525)	20,344		39,098	47,006	21,382			

Budget Savings 2018/19 Equality Analysis

Prepared by Strategy and Inclusion

March 2018

This page is left intentionally blank

Equality Analysis

Appendix 7 – Equality Analysis

Table of Contents	Page No.
1. Name of Report	xx
2. Purpose of Report	xx
3. Anticipated impact on people who share protected characteristics	xx
4. Evidence or information in support	xx
5. Consultation	xx
6. Actions proposed that could mitigate any impact	xx

1. Name of Report and Reference Number (if available)

Budget Savings 2018/19

2. Purpose of Report

The statutory provision relating to setting the LFEPA budget are contained in the Greater London Authority Act 1999. Schedule 6 of the Act sets out the process for the development and approval of the GLA consolidated budget and the various component budgets of the functional bodies including LFEPA.

The Equality and Human Rights Commission has provided guidance stating that organisations subject to the Public Sector Equality Duty must ensure that the impact financial proposals could have on the performance of the general equality duty is properly considered as part of the decision making process.

This analysis takes into account previous guidance dated 1 July 2016 on the preparation of an equality analysis, that ensures that LFB's budget submission discharges the public sector equality duty, and the Mayor's Budget Guidance for 2018-2019, requiring LFB to also assess budget proposals against how they will affect poverty, economic inequality and social integration.

The strategic management of the Authority's budget is the responsibility of the Corporate Management Board. The equality analysis has been prepared by Strategy and Inclusion.

Appendix 7 – Equality Analysis

3. What is the anticipated impact (negative, positive or neutral) on people who share protected characteristics?

Staff savings arising from departmental savings proposals 2018/19

Operational staff savings proposed for the 2018/19 year are currently identified as 1 Watch Manager B post. The post holder will be assimilated into a vacant operational post.

The non-uniformed staff savings proposed currently identify eleven posts to be deleted. Two FRS F posts (H&S and ICT) has been identified for savings and these have been achieved through voluntary severance (one white male and one white female). Nine FRS B Area posts have also been identified for savings, and it is anticipated these will be found by deleting vacant posts. The impact identified at this point is that one or two FRS Bs may need to be redeployed from Area teams.

Other savings arising from departmental savings proposals

There are some non-staff related savings that could potentially have a differential impact on staff or service users who share protected characteristics, however all most savings with this potential have been found from underspends and should not have any negative impact on staff or on services provided. Where savings that have the potential for impact have been identified in the 2018/19 financial year that do not arise from underspends, the probable impact on staff is considered minimal or nil as these savings mostly arise from the replacement of items at lower cost rather than lower numbers.

4. What is the evidence or other information in support of this?

The Authority holds data on staff with regard to sex, race, disability, age, sexual orientation and religion. Specific data is not collected on the remaining protected characteristics of gender reassignment, marital/civil partnership status and maternity. The data held is supplied both at recruitment and on employment, and staff are periodically reminded to review and update the information held on them according to the requirements of the Data Protection Act.

5. Who did you consult, and what was their response?

Appendix 7 – Equality Analysis

Consultation with staff and representative bodies is ongoing.

6. What actions are proposed that could mitigate any negative impact?

The potential negative impact of the FRS B reductions is that if selected staff members need to be redeployed from the Area teams there may be a requirement to travel a further distance to their new place of work. Additional costs are addressed through the Staff Redeployment and Redundancy Code. Line managers will need to discuss with HRM and other relevant departments whether there are any other actions that might be taken to mitigate the impact on the individuals affected.

The payment of an additional £10k lump sum to enhance the voluntary redundancy package made initially to FRS staff in October 2012 has now been agreed on a permanent basis.

LFB has limited ability to affect poverty and economic inequality, beyond what already is the case; operational staff are already mindful to cause as little collateral damage as possible when attending incidents so that the inhabitants can return to their homes wherever and as soon as possible, thus minimising the economic impact of fire and related incidents (this is laid down in the Fire and Rescue Services Act 2004 Sections 7-9, which stipulates that we must protect property and mitigate damage).

Fire and community safety activities and intervention, such as fitting smoke alarms, the Fire and Cadet schemes, and Junior Fire Setter Intervention Scheme, are used to reduce the impact of fire and other incidents on Londoners in areas of economic deprivation, and also to provide transferable life skills to improve employability either in the fire service or elsewhere.

Contracts are sought through the GLA portal, and already consider equality issues and apprenticeships; further work could be undertaken to ensure that contracts seek to provide further opportunities for Londoners.