



Home Office

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Gov Relations

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08 AUG 17

Sadiq Khan
Mayor of London
City Hall
London
SE1 2AA

Aug 3rd, 2017

Dear Sadiq,

Thank you for your letter of 12 July in which you raise a number of concerns about the resources available to the London Fire Brigade (LFB) to respond to major incidents in the Capital.

The tragic events at Grenfell Tower which took place within weeks of the terror-related attacks at London Bridge and Finsbury Park, as well as Manchester Arena, have shocked us all. First and foremost our thoughts are with the victims, families and friends who were affected by these terrible incidents and the Government stands ready to help in any way possible to ensure all victims' needs are met.

I am extremely grateful to the emergency services who responded to these incidents and I place great value on the vital role they continue to play in keeping our communities safe. As you are aware, in respect of the Grenfell Tower fire, the Government is committed to meeting the needs of those who responded to the incident and endured incredibly difficult scenes as well as those who are working with the bereaved. The Prime Minister attended the site of the disaster in person to meet emergency service and support workers at the earliest opportunity, to ensure that they had the resources and support needed to undertake their work after tackling the fire.

You ask for an increase in grant funding to the Greater London Authority (GLA) towards LFB resources in light of the impact of the recent tragic events on emergency service demand. However, the amount of funding provided to LFB for undertaking fire and rescue services across the Capital is, of course, a matter for you as the Mayor of London in conjunction with the London Fire Commissioner and the London Fire and Emergency Planning Authority. The GLA is responsible for making decisions on how resource funding (from central government grant, locally retained business rates, and council tax) is allocated to the services that they provide, including fire and rescue. Core spending for the GLA has already increased by 2.1

percent in year 2017-18 , and will rise by another 7.1 percent in cash terms by 2020. Over the last 5 years, GLA's unringfenced reserves increased by £1.3bn.

I trust that you will ensure LFB continue to have the resources they need for firefighters to carry out their vital work.

The Lord Harris Review concluded that London's levels of preparedness for tackling Marauding Terrorist Firearms Attacks (MTFA) are good, and better than they ever have been, and the right response would be delivered in the event of an attack. Whilst this year's attacks in London and Manchester highlight the continuing threat we face from terrorism, our emergency services' response to each of these terrible events was fast and effective. LFB have a full capability to respond to terrorist incidents with trained personnel who can operate in higher risk environments.

Nevertheless, the Home Office is uplifting the specialist MTFA Fire and Rescue Service capability across the country to enable a faster and even more effective response, including in LFB. London is seeing an increase in Home Office funding to double the current capability. As part of our £144m investment in armed policing, there will also be an additional 1,000 armed officers by the end of 2018. The first phase of the armed uplift is already complete, with an extra 41 Armed Response Vehicles and around 650 armed officers. The next phase - an increase in Counter Terrorism Specialist Firearms Officers - is expected to complete in 2018. The number of armed response vehicles has more than doubled in London and around a quarter of the national Counter Terrorism Specialist Firearms Officers capability will also be based in the capital.

Public safety is paramount for this Government, which is why we are increasing investment in our emergency response. It is however the responsibility of each fire and rescue authority to manage their resources including staff across prevention, protection and operational response to local risks.

On the issue of firefighters' pay, the Government has no role in the pay negotiation process. It is the responsibility of the National Joint Council to consider what pay award is appropriate taking into account views of all 45 fire and rescue authorities in England. I understand that negotiations are ongoing.

With best wishes,



Rt Hon Amber Rudd MP

MAYOR OF LONDON

Rt Hon Amber Rudd MP

Secretary of State for the Home Department
The Home Office
2 Marsham Street
London SW1P 4DF

Our ref: MGLA080817-3720

Date: 09 OCT 2017

Dear Amber,

Thank you for your letter of 3 August in response to my letter of 12 July about the resourcing of the London Fire Brigade (LFB) following recent events in London. However, I am concerned about the accuracy of the calculations regarding funding for the LFB and the Greater London Authority's (GLA) finances.

You state that core spending for the GLA has increased by 2.1% in year 2017-18 and will rise by another 7.1% in cash terms by 2020. I understand these figures have been taken from the final settlement data for 2017-18, which compares our settlement funding assessment (SFA) and estimated council tax requirement year on year.

However, over 80% of the SFA relates to Transport for London (TfL) funding and does not take account of the fact that the TfL operating grant still provided by the Department for Transport is being cut from £665m in 2015-16 to £228m in 2017-18 to zero from 2018-19. Further to this, the GLA's Revenue Support Grant (RSG) is being cut from £168m to £149m in 2017-18 – a cut of £19m – the majority of which is fire funding.

Allowing for these changes, there is in fact a 13.6% reduction in GLA group spending power (excluding funding for the Metropolitan Police Service) in 2017-18 rather than a 2.1% rise, and by 2019-20 there will have been a 20% cut in GLA group spending power, rather than a 7.1% rise.

Given this significant reduction in the GLA's group spending power from 2017-18 to 2019-2020, it is not possible for me to increase LFB's funding using the GLA's resources, as you suggest in your letter.

Following this, you state in your letter that over the last five years the GLA's un-ringfenced reserves increased by £1.3bn. Whilst it is correct that from 2011-2016, under the Mayoralty of Boris Johnson, the GLA Group's reserves increased by £1.3bn, the picture is quite different when considering the most recent data on GLA Group Reserves. For example, compared with the five-year period from 31 March 2012 – 31 March 2017 (which contains more up to date data), the increase in GLA-wide reserves is only £260m. I am sure you will agree that this is a markedly smaller figure in comparison to the figure of £1.3bn referenced in your correspondence.

MAYOR OF LONDON

Furthermore, GLA-wide reserves at 31 March 2017 have reduced by £481m since 31 March 2016. This reduction is largely reflected in the use of earmarked reserves for their intended purposes (to cover the cost of various TfL projects and the GLA's 2016-17 business rates deficit, for example) and is indicative of the falling spending power of the GLA in 2017/18.

Irrespective of the size of the GLA's reserves, it is also crucial to note that the vast majority of the reserves are held for earmarked purposes unrelated to the London Fire and Emergency Planning Authority (LFEPA). If these reserves were used for other purposes, this would severely disrupt future projects and financial planning at the GLA.

At present, of the total £1.86bn of GLA Group reserves reported in the 2016-17 revenue outturn, approximately £1.23bn of the current reserves are earmarked for Transport for London, £0.35bn for the GLA, £0.24bn for the Metropolitan Police and £0.04bn for the other functional bodies. Hence the GLA's reserves are ringfenced for a variety of projects and it is therefore not possible for me to increase LFEPA's funding by drawing on GLA Group reserves without severely disrupting other vital programmes.

However, as keeping Londoners safe is my first duty, I have now requested that arrangements are put in place to procure the items requested by the London Fire Commissioner to ensure the LFB is fully prepared for the challenges ahead. These items will cost an estimated £6m and it will therefore be necessary, initially at least, to draw on LFEPA's reserves, which can of course only be used once.

This spend is necessary to ensure that the LFB can protect London and Londoners to the best of their ability. However, it does leave ongoing, annual costs, unfunded in the future. The LFB have estimated that the cost of staffing and maintaining the new equipment and managing the ongoing response to the Grenfell Tower fire and the associated public inquiry and criminal investigation will be £6m per annum. This cost, when combined with the current forecast budget gap of £13.5m and the costs of a likely increase in firefighter pay, could leave the Brigade facing a budget gap of some £23.4m by 2021/22.

LFEPA considers that delivering the level of savings that would be required to meet the current budget gap could not be achieved without significant reconfiguration of and reduction in front-line response. The savings that will be required without an increase in the available funding are of a similar level to those that LFEPA was required to achieve in 2014 through its Fifth London Safety Plan. As you might recall, that plan closed ten fire stations, removed 14 fire appliances, two Fire Rescue Units and 552 firefighter posts, to deliver ongoing savings of £27.8m.

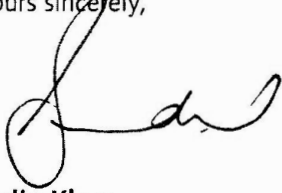
Given your assertion in your letter that public safety is paramount for the Government, I hope you agree that savings of this level are neither practical nor safe, and that the Government must provide additional resources to ensure public safety in London.

Without increased funding, it will be difficult to improve and maintain the Fire Brigade's essential work to protect London and Londoners in future – the potential consequences of which do not bear considering. Londoners will also be well aware that, in a moment of need after the terrible Grenfell fire, the Government refused to help.

MAYOR OF LONDON

I would ask once again that you act urgently on this matter, to ensure the safety of London and Londoners both now and in future.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sadiq Khan', written over a horizontal line.

Sadiq Khan
Mayor of London

Cc: Rt Hon Greg Hands MP, Minister for London
Rt Hon Gavin Barwell, Chief of Staff, 10 Downing Street



Home Office

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Sadiq Khan
Mayor of London
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London SE1 2AA

6 February 2018

Dear Sadiq,

Thank you for your letter of 9 October regarding funding for the London Fire Brigade and the Greater London Authority. I apologise for the delay to my reply.

As I set out in my letter of 3 August, as Mayor of London, it is a matter for you to set the budget for the Greater London Authority and its functional bodies, including the London Fire and Emergency Planning Authority, from the total overall resources under your control. These include the central government grant, locally retained business rates and council tax.

As you are aware, the Greater London Authority, London boroughs and the City of London have agreed to come together to form a single business rates pool to pilot 100% business rates retention in 2018-19. The pilot will commence in April along with other 100% business rates pilots across the country. London has estimated that the pilot will give them additional income of around £240m million – this is the estimated amount that would otherwise have been paid to central government as ‘central share’.

In considering this matter, I have noted that in 2016-17 the London Fire and Emergency Planning Authority (LFEPA) reported a £9.9 million underspend against its budget. I also understand that the LFEPA is forecasting an underspend of £5.3 million in 2017-18. Furthermore, the LFEPA’s General Fund balance increased by £2.1million to £21.5 million between March 2016 and March 2017, with the earmarked reserves increasing by £2 million to £15.6 million, between March 2016 and March 2017. Reserves are held for a number of purposes, including as a contingency to cushion the impact of unexpected events or emergencies.

The £6 million additional costs referred to in your letter are equivalent to less than two per cent of the funding LFEPA received from the GLA in 2017-18, and I consider that these costs can be met from either the projected underspends or from reserves.

Finally, the provisional local government funding settlement announced on 19 December, will mean the Greater London Authority has an overall increase in core spending power of 9.2% between 2015-16 and 2019-20. The Government also announced proposals for 2018-19 and 2019-20 to increase council tax flexibilities from two per cent to three per cent for all local authorities, including fire and rescue authorities and counties and unitary authorities with fire functions. We believe these proposals strike the right balance between the need to tackle immediate pressures on local services and to recognize inflation, while protecting residents from excessive council tax bill rises. We expect council tax to remain lower in real terms in 2018-19 than it was in 2010-11.

A handwritten signature in black ink, appearing to read 'Amber Rudd', is centered on the page.

Rt Hon Amber Rudd MP