

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 Mayorality 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.

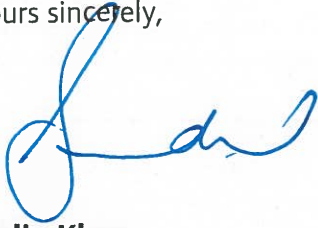
Given your assertion in your letter that public safety is paramount for the Government, I hope you agree that savings of this level are neither practical nor safe, and that the Government must provide additional resources to ensure public safety in London.

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,



Sadiq Khan
Mayor of London

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