Appendix 1

LONDON FIRE BRIGADE

Finance Report

Quarter 1, 2026/27

1 April 2026 to 30 June 2026

Financial Position as at 30 June 2026

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Introduction and background

This report presents the financial position and forecast outturn for the 2026/27 financial year, as at the end of June 2026 (Q1).

All departments review their actual income and expenditure on a monthly / quarterly basis and provide an updated forecast outturn position. These latest forecast returns are then monitored against budget and previously reported forecasts with explanations of variances provided. These periodic returns form the basis of reporting to the Investment and Finance Board (IFB), Commissioner's Board (CB), the Deputy Mayor's Fire Board (FB) and Audit Committee. The draft report is also shared with the Greater London Authority to meet requirements set out in the Mayor's Budget Guidance.

Statement of Accounts 2025/26

The Draft Statement of Accounts for 2025/26 was approved by the Chief Finance Officer (Director of Corporate Services) to meet the end of June 2026 deadline and published. External audit review is due to commence in mid August, with audit opinion planned for sign off in November 2026.

Mayor's Budget for 2026/27

The Mayor of London published his Budget Guidance for 2025/26 on 31 July 2025, which set out provisional funding levels for the LFC over a three-year period from 2026/27 to 2028/29. The LFC provided a Budget Submission to the Mayor addressing the requirements set out in the Guidance by the required deadline of 22 November 2025 and was subsequently approved by the LFC in March 2026. This report provides updated forecast and monitoring information against that approved budget.

Mayor's Budget for 2027/28

The Mayor of London published his budget guidance on 30 June 2026. The deadline for the preparation of the 2027/28 Budget Submission to the Mayor is 23 November 2026.

Implementation of New HR and Payroll System

The LFC successfully implemented a new HR & Payroll system from February 2026, replacing an existing system that was decades old. This provides for significant future improvements in analysis and reporting as processes continue to develop. As would be expected with change of this scale, some initial transitional issues regarding reporting are still ongoing. There are also a smaller number of issues from the implementation of the new Finance and Purchasing system in 2025/26. Both sets of outstanding issues are being addressed.

Section A
LFC 2025/26 Revenue Summary Main Table

The table below sets out the Q1 Finance Position for LFC, broken down by subjective.

The forecast outturn at 30 June 2026 reports a projected underspend of £3.7m for the 2026/27 financial year (0.6% of the budget). This is being driven by a range of factors including exceptional one-off income from granting of an easement on LFB land. Minimum Revenue Provision is forecast to be lower than budgeted due to under-delivery on the 2025/26 capital programme. Operational staff costs are forecast to be lower than expected due to a number of a vacancies across the brigade, largely within Fire Safety Delivery and Fire Stations (steps are being taken to fill posts to the budgeted complement). Premises costs are also under forecast due to a projected underspend on utilities based on current run rates.

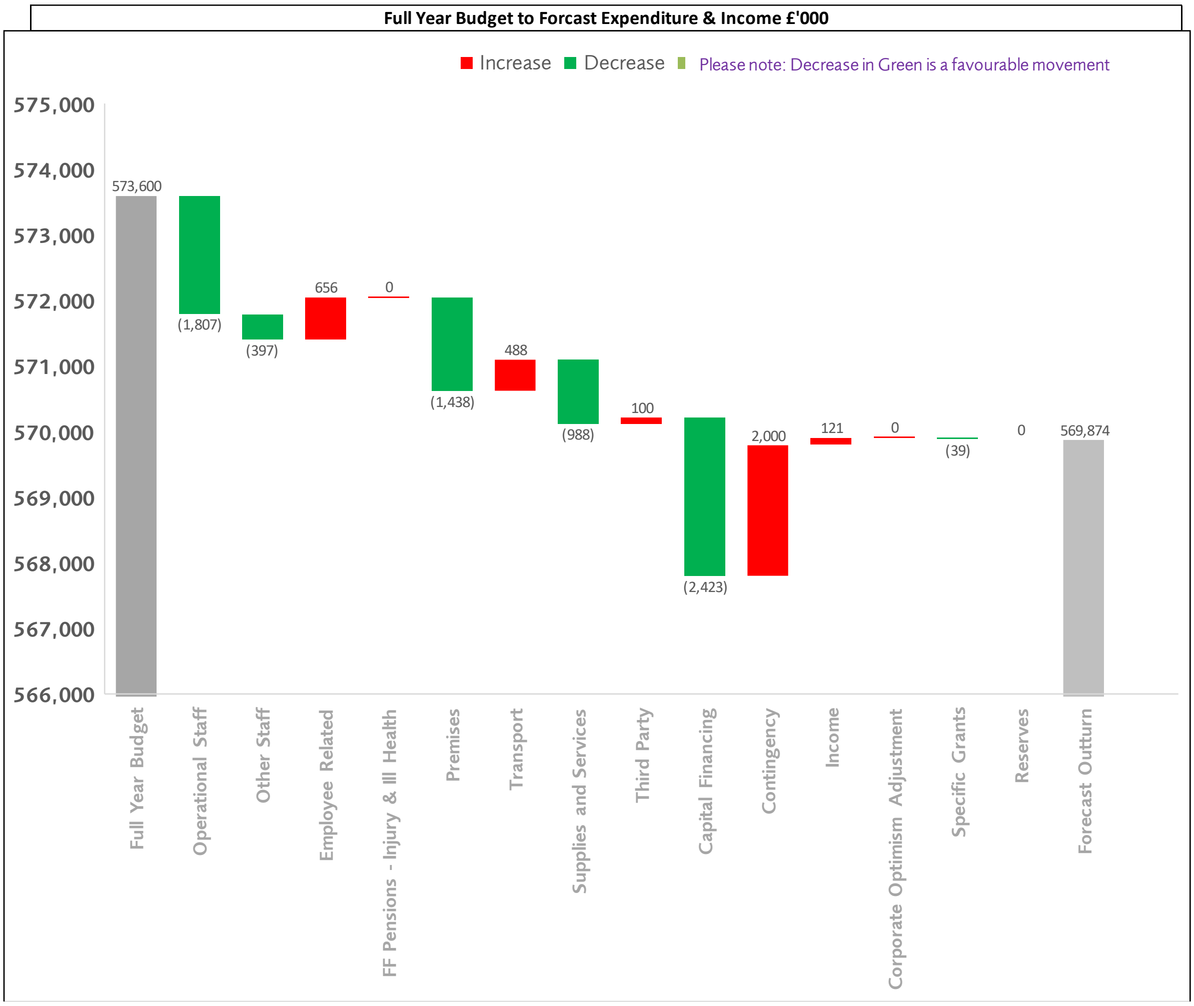
This is offset in part by pay inflation above that assumed at the time of budget setting and MFB Act income being lower than forecast.

Further information on key variances is provided in the following pages.

London Fire Commissioner Revenue Summary (£'000s)						
	A	B	C = [B - A]	D	E	F = [E - D]
LFC Revenue (£'000s)	**YTD Budget**	**YTD Spend**	**YTD Variance**	**Full Year Revised Budget**	**Forecast at P3**	**Variance: Forecast Outturn vs Revised Budget at P3**
Operational Staff	63,489	61,749	(1,740)	378,406	376,598	(1,807)
Other Staff	13,022	13,605	583	80,261	79,864	(397)
Employee Related	6,612	605	(6,007)	39,966	40,623	656
Firefighter Pensions - Injury & Ill Health	4,132	3,743	(389)	24,794	24,794	0
Premises	8,858	7,250	(1,608)	53,753	52,316	(1,438)
Transport	3,464	2,718	(746)	21,396	21,884	488
Supplies and Services	6,019	6,269	251	39,263	38,275	(988)
Third Party	303	64	(238)	2,704	2,804	100
Capital Financing	3,728	0	(3,728)	23,868	21,445	(2,423)
Contingency	238	0	(238)	4,182	6,182	2,000
Income	(10,639)	(2,449)	8,190	(65,272)	(65,151)	121
Net Revenue Expenditure	**99,225**	**93,553**	**(5,672)**	**603,321**	**599,634**	**(3,687)**
Use of Reserves	0	0	0	0	0	0
Transfer to Reserves	0	0	0	2,500	2,500	0
Financing Requirement	**99,225**	**93,553**	**(5,672)**	**605,821**	**602,134**	**(3,687)**
Financed by:						
Specific Grants	(3,625)	3,692	7,317	(32,221)	(32,261)	(39)
GLA Funding	(95,600)	1,267	96,867	(573,600)	(573,600)	0
Net Financial Position (Forecast Outturn)	**0**	**98,513**	**98,513**	**0**	**(3,726)**	**(3,726)**

* *YTD budget and spend is to the end of May 2026. The implementation of the new HR and Payroll system (iTrent) and related payroll reports has led to some challenges in YTD reporting which remains under review.*

LFC Revenue Summary - Budget to Latest Forecast at Q1



LFC Revenue Summary – Key Variances

Comments Full Year Latest Forecast vs Budget
The full year forecast outturn at 30 June 2026 shows a projected net underspend (after reserves and grants) of £3.7m. **Operational Staff - underspend of £1.8m** The underspend largely relates to Prevention, Protection & Policy with a forecast underspend of £1.4m reflecting vacancies within Fire Safety Delivery and project-based posts that have now concluded. In addition, there is an estimated reduction of £1m due to higher than budgeted vacancies within Fire Stations. This is offset by a £0.7m increase to the forecast within Operation Resilience due to additional detached staff delivering on National Resilience Requirements. **Other Staff (including FRS and Control Staff groups) – underspend of £0.4m** This underspend is primarily driven by the provision of budget for project-based posts that have ended within Operational Improvement. There is also an underspend within Corporate Services driven by vacant FRS staff posts offset by agency staff covering essential but hard-to-recruit established posts. **Employee Related – overspend of £0.7m** The overspend is driven by higher-than-expected legal compensation costs within Corporate Services due to a high caseload. **Premises – underspend of £1.4m** The underspend is mainly driven by a projected underspend on utilities based on current run rates. **Transport – overspend of £0.5m** The overspend is largely driven by fuel costs within Fire Station due to expectation of future pricing increases driven by the Iran War and ongoing uncertainty in the Middle East. **Supplies and Services - underspend of £1.0m** This underspend is predominantly driven by lower-than-anticipated spend on external legal professional fees as well as a forecast underspend on the Scientific Services contract. **Capital Financing - underspend of £2.4m** This underspend is mainly driven by lower-than-budgeted Minimum Revenue Provision forecast due to under-delivery on the 2025/26 capital programme. This is added to by lower than budgeted interest costs on short-term borrowing within Central Finance. This remains under review in conjunction with updated capital plans for the rest of the financial year. **Contingency – overspend of £2m** This overspend is due to a £2m forecast pressure driven by the nationally-determined Pay Award (at 3.8%) for Operational Staff and Control Staff being higher than planned. **Income** This includes £2m of additional income received in year for right of easement at Park Royal Fire Station, offset by a £2m pressure on Metropolitan Fire Brigade (MFB) Act income based on current forecasts.

Section A LFC Revenue Summary (Net Financial Position by Directorate)

The table below sets out the reported overall LFC position at Q1 broken down by Directorate.

The £3.7m forecast underspend largely reflects lower capital financing costs due to underdelivery of the 25/26 capital programme, and lower premises costs.

Please refer to each Directorate detailed summary for further information.

Revenue Summary of Net Financial Position - by Directorate (£'000s)						
	A	B	C = [B - A]	D	E	F = [E - D]
Directorate (£'000s)	**YTD Budget**	**YTD Spend**	**YTD Variance**	**Full Year Revised Budget**	**Forecast at P3**	**Variance: Forecast Outturn vs Revised Budget at P3**
Preparedness and Response	69,391	61,047	(8,343)	410,674	410,854	181
Prevention, Protection and Policy	5,527	7,352	1,825	39,959	38,453	(1,505)
Corporate Services	18,856	23,197	4,341	111,395	108,703	(2,692)
People	1,181	1,430	249	7,736	7,991	254
Communications	645	627	(19)	3,836	3,873	37
Total	**95,600**	**93,653**	**(1,948)**	**573,600**	**569,874**	**(3,726)**

* *YTD budget and spend is to the end of May 2026. The implementation of the new HR and Payroll system (iTrent) and related payroll reports has led to some challenges in YTD reporting which remains under review*.

Section A LFC Directorate of Preparedness and Response I/E (1/2)

The **Directorate of Preparedness and Response** is responsible for how the Brigade relates to the people it serves (business-to-customer relationships), driving and delivering transformational change, improving culture, and delivering against the Brigade's corporate objectives in its functions. The Directorate incorporates all Fire Stations, Control & Mobilising, Operational Resilience, Central Operations, and Learning & Professional Development.

Preparedness & Response (£'000s)

	A	B	C = [B - A]	D	E	F = [E - D]
LFC Revenue (£'000s)	**YTD Budget**	**YTD Spend**	**YTD Variance**	**Full Year Revised Budget**	**Forecast at P3**	**Variance: Forecast Outturn vs Revised Budget at P3**
Operational Staff	60,760	58,756	(2,004)	361,335	361,072	(263)
Other Staff	2,854	2,723	(131)	15,975	15,897	(78)
Employee Related	5,002	(245)	(5,247)	29,910	29,970	60
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0	0
Premises	104	(82)	(186)	626	627	1
Transport	457	481	24	2,745	3,253	508
Supplies and Services	653	(263)	(916)	3,921	3,936	16
Third Party	5	0	(5)	28	28	0
Capital Financing	0	0	0	0	0	0
Contingency	(15)	0	15	(1,100)	(1,100)	0
Income	(461)	(285)	176	(2,765)	(2,790)	(25)
Net Revenue Expenditure	**69,361**	**61,087**	**(8,274)**	**410,674**	**410,894**	**220**
Use of Reserves	0	0	0	0	0	0
Transfer to Reserves	0	0	0	0	0	0
Financing Requirement	**69,361**	**61,087**	**(8,274)**	**410,674**	**410,894**	**220**
Financed by:						
Specific Grants	30	(39)	(69)	0	(39)	(39)
Other Government Grants	0	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**69,391**	**61,047**	**(8,343)**	**410,674**	**410,854**	**181**

Section A LFC Directorate of Preparedness and Response I/E (2/2)

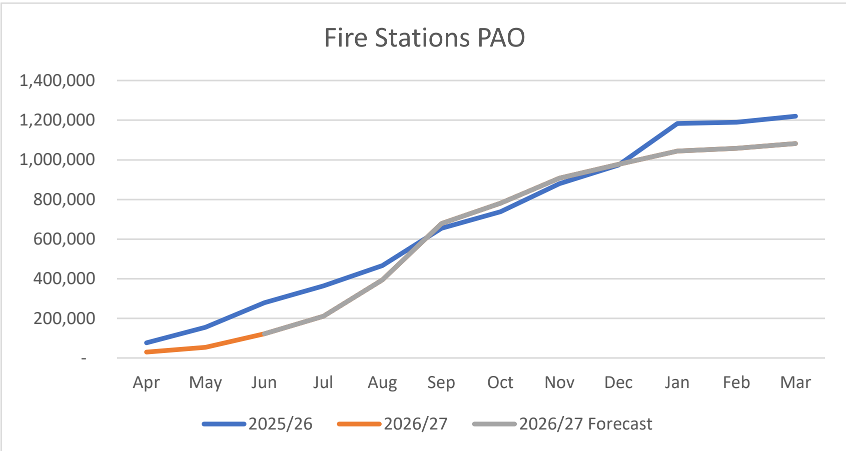
Comments
Full Year Latest Forecast vs Budget

Operational Staff – underspend of £0.3m
The underspend is largely driven by a reduction of an estimated £1m due to higher than budgeted vacancies within Fire Stations.

There is offset by a £737k increase to the forecast within Operation Resilience due to additional detached staff delivering on National Resilience Requirements.

Total operational overtime within Fire Stations is currently forecast at £5.8m for the year, marginally above budget. This forecast reflects a reduction of £345k on that experienced in 2025/26.

Pre-arranged overtime (PAO) is currently forecast at £1.08m for the year, a reduction of £137k on that experienced during 2025/26. This represents a much improved position on the PAO experienced in 24/25 reflecting the continued impact of a range of management actions including a focus on long term sickness as well as regular reporting to Establishment Board to review effectiveness. However, the prolonged hot weather and activity to deal with the impact of geo-political events could add to financial pressures in the year (the impact of hot weather in recent months were not factored into the forecast graph below, this will be updated in the Q2 report).



Other Staff – underspend of £0.08m
The underspend relates to FRS staff salaries within Operational Resilience due to a number of vacancies across the team. This is offset by a £45k increase for the pay award impact for Control staff.

Employee Related – overspend of £0.06m
The overspend largely relates to medical and training costs within Operational Resilience. National Interagency Liaison Officer (NILO) and National Control Liaison Officer (NCLO) related costs will be reviewed and reconciled before Period 4 reporting alongside pressures relating to National Resilience.

Transport – overspend of £0.5m
The overspend is largely driven by fuel costs due to expectation of future pricing increases driven by the Iran War and ongoing uncertainty in the Middle East. Public transport costs have also started the year higher than expected due to the area watch leadership days in April.

Section A LFC Directorate of Prevention, Protection and Policy I/E (1/2)

The **Directorate of Prevention, Protection and Policy** is responsible for how the Brigade relates to other businesses and agencies (business-to-business) and is responsible for driving and delivering transformational change, improving culture, and delivering against the Brigade's corporate objectives in its functions. The Directorate incorporates Operational Policy & Assurance, Prevention & Protection (Regulatory and Community) and Health & Safety, including wellbeing.

Prevention, Protection & Policy (£'000s)						
	A	B	C = [B - A]	D	E	F = [E - D]
LFC Revenue (£'000s)	**YTD Budget**	**YTD Spend**	**YTD Variance**	**Full Year Revised Budget**	**Forecast at P3**	**Variance: Forecast Outturn vs Revised Budget at P3**
Operational Staff	2,424	2,251	(172)	13,406	12,047	(1,360)
Other Staff	3,686	4,369	683	27,503	27,291	(212)
Employee Related	500	124	(376)	3,001	3,115	115
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0	0
Premises	20	0	(20)	122	90	(32)
Transport	46	218	172	273	270	(3)
Supplies and Services	371	417	47	2,940	2,927	(13)
Third Party	4	0	(4)	25	25	0
Capital Financing	0	0	0	0	0	0
Contingency	(415)	0	415	189	189	(0)
Income	(896)	(27)	869	(5,517)	(5,517)	0
Net Revenue Expenditure	**5,739**	**7,352**	**1,613**	**41,942**	**40,436**	**(1,505)**
Use of Reserves	0	0	0	0	0	0
Transfer to Reserves	0	0	0	0	0	0
Financing Requirement	**5,739**	**7,352**	**1,613**	**41,942**	**40,436**	**(1,505)**
Financed by:						
Specific Grants	(211)	0	211	(1,983)	(1,983)	0
Other Government Grants	0	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**5,527**	**7,352**	**1,825**	**39,959**	**38,453**	**(1,505)**

Section A LFC Directorate of Prevention, Protection and Policy I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)
Operational Staff – underspend of £1.4m This underspend is primarily driven by budget provision for project-based posts that have now concluded. There is also a potential further additional underspend within Prevention & Protection (Fire Safety Delivery) due to several vacant posts. Recruitment continues to be affected by a sector-wide shortage of specialist skills; however, a range of measures are being implemented to help address these workforce challenges. **Other Staff – underspend of £0.2m** This underspend is primarily driven by the provision of budget for project-based posts that have ended within Operational Improvement. **Employee Related – overspend of £0.1m** This overspend largely reflects the impact of two consecutive annual 3% contractual indexation increases in the Optima Occupational Health contract (£126k), partially offset by minor underspends across the wider directorate.

Section A LFC Directorate of Corporate Services I/E (1/2)

The **Corporate Services Directorate** supports the LFC's Mission by providing coordinated enabling services and advice in the areas of Finance, Information and Communications Technology, General Counsel, Procurement & Commercial, Data & Improvement, Property Services and Technical & Service Support.

Corporate Services (£'000s)						
	A	B	C = [B - A]	D	E	F = [E - D]
LFC Revenue (£'000s)	**YTD Budget**	**YTD Spend**	**YTD Variance**	**Full Year Revised Budget**	**Forecast at P3**	**Variance: Forecast Outturn vs Revised Budget at P3**
Operational Staff	166	515	349	2,983	2,842	(141)
Other Staff	4,865	4,933	68	28,005	27,725	(280)
Employee Related	957	621	(336)	6,145	6,614	469
Firefighter Pensions - Injury & Ill Health	4,132	3,743	(389)	24,794	24,794	0
Premises	8,731	7,331	(1,400)	52,994	51,587	(1,407)
Transport	2,935	1,756	(1,179)	18,222	18,208	(14)
Supplies and Services	4,854	2,606	(2,249)	31,425	30,284	(1,141)
Third Party	292	64	(228)	2,640	2,740	100
Capital Financing	3,728	0	(3,728)	23,868	21,445	(2,423)
Contingency	921	0	(921)	5,059	7,059	2,000
Income	(9,284)	(2,104)	7,180	(57,001)	(56,856)	146
Net Revenue Expenditure	**22,299**	**19,465**	**(2,834)**	**139,133**	**136,441**	**(2,692)**
Use of Reserves	0	0	0	0	0	0
Transfer to Reserves	0	0	0	2,500	2,500	0
Financing Requirement	**22,299**	**19,465**	**(2,834)**	**141,633**	**138,941**	**(2,692)**
Financed by:						
Specific Grants	(3,443)	3,732	7,175	(30,238)	(30,238)	0
Other Government Grants	0	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**18,856**	**23,197**	**4,341**	**111,395**	**108,703**	**(2,692)**

Section A LFC Directorate of Corporate Services I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)
Operational Staff – underspend of £0.14m This underspend is due to the underutilisation of the budget for a Station Commander role in Procurement. **Other Staff – underspend of £0.28m** This underspend is driven by vacant FRS staff posts within Corporate Services offset by agency staff covering essential but hard-to-recruit established posts. **Employee-related costs – £0.47m overspend** This overspend is driven by higher-than-expected compensation due to a high caseload. **Premises – underspend of £1.41m** This underspend is mainly driven by a projected underspend on utilities based on current run rates driven by market fluctuations in the price of energy. **Supplies & Services – underspend of £1.14m** This underspend is predominantly driven by lower-than-anticipated spend on external legal professional fees as well as a forecast underspend on the Scientific Services contract. **Capital Financing – underspend of £2.42m** This underspend is mainly driven by lower-than-budgeted Minimum Revenue Provision forecast due to under-delivery on 2025/26 capital programme. This is added to by lower than budgeted interest costs on short-term borrowing within Central Finance. This remains under review in conjunction with updated capital plans for the rest of the financial year. **Contingency – overspend of £2m** This overspend is due to a £2m forecast pressure driven by the nationally-determined Pay Award (at 3.8%) for Operational Staff and Control Staff being higher than planned. **Income - £146k under recovery** This includes £2m of additional income received in year for right of easement at Park Royal Fire Station offset by a £2m pressure on MFB Act income based on current forecasts.

Section A LFC Directorate for People I/E (1/2)

The **Directorate for People** oversees every aspect of the employee lifecycle, with the exception of operational training, counselling and wellbeing services which are in other Directorates.

People Services (£'000s)						
	A	B	C = [B - A]	D	E	F = [E - D]
LFC Revenue (£'000s)	**YTD Budget**	**YTD Spend**	**YTD Variance**	**Full Year Revised Budget**	**Forecast at P3**	**Variance: Forecast Outturn vs Revised Budget at P3**
Operational Staff	138	185	47	682	638	(44)
Other Staff	1,068	1,019	(48)	5,572	5,690	118
Employee Related	144	103	(42)	866	888	22
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0	0
Premises	0	0	(0)	1	1	0
Transport	10	3	(7)	59	56	(3)
Supplies and Services	67	153	86	537	698	161
Third Party	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0
Contingency	(247)	0	247	19	19	0
Income	0	(34)	(34)	0	0	0
Net Revenue Expenditure	**1,181**	**1,430**	**249**	**7,736**	**7,991**	**254**
Use of Reserves	0	0	0	0	0	0
Transfer to Reserves	0	0	0	0	0	0
Financing Requirement	**1,181**	**1,430**	**249**	**7,736**	**7,991**	**254**
Financed by:						
Specific Grants	0	0	0	0	0	0
Other Government Grants	0	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**1,181**	**1,430**	**249**	**7,736**	**7,991**	**254**

Section A LFC Directorate for People I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)
Other Staff – overspend of £0.12m The overspend reflects current staffing profile and recruitment plans over the remainder of the year, being tightly managed against organisational change deliverables. However, the Directorate has been managing its headcount and kept it to a minimum, which has enabled it to achieve a partial (£0.35m) delivery of the £0.47m average vacancy margin challenge held in its 2026/27 FRS budgets, leading to a net total of £0.57m overspend. **Supplies & Services – overspend of £0.16m** The overspend in Supplies & Services is driven by a combination of factors, including cultural initiatives and Brigade events. Funding opportunities are being explored for some of these activities, which is expected to help reduce the overspend.

Section A LFC Directorate of Communications I/E (1/1)

The **Directorate of Communications and Engagement** oversees the way the organisation communicates and engages with the public, media, politicians, stakeholders and partners, as well as its own staff. It also oversees events, staff recognition, fundraising and the London Fire Brigade museum. The directorate is made up of four teams: external relations; internal communications; stakeholder engagement; and community engagement.

Communications (£'000s)						
	A	B	C = [B - A]	D	E	F = [E - D]
LFC Revenue (£'000s)	**YTD Budget**	**YTD Spend**	**YTD Variance**	**Full Year Revised Budget**	**Forecast at P3**	**Variance: Forecast Outturn vs Revised Budget at P3**
Operational Staff	0	40	40	0	0	0
Other Staff	549	561	11	3,206	3,263	57
Employee Related	8	2	(6)	45	35	(10)
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0	0
Premises	2	0	(2)	10	10	0
Transport	16	4	(12)	97	97	0
Supplies and Services	73	20	(54)	440	430	(10)
Third Party	2	0	(2)	11	11	0
Capital Financing	0	0	0	0	0	0
Contingency	(6)	0	6	16	16	0
Income	2	0	(2)	12	12	0
Net Revenue Expenditure	**645**	**627**	**(19)**	**3,836**	**3,873**	**37**
Use of Reserves	0	0	0	0	0	0
Transfer to Reserves	0	0	0	0	0	0
Financing Requirement	**645**	**627**	**(19)**	**3,836**	**3,873**	**37**
Financed by:						
Specific Grants	0	0	0	0	0	0
Other Government Grants	0	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**645**	**627**	**(19)**	**3,836**	**3,873**	**37**

Section A LFC Directorate of Communications I/E (2/2)

Comments (Full Year Latest Forecast vs Budget)
Other Staff – overspend of £0.06m The overspend is driven by FRS staff across teams within the Directorate, including posts required to support critical projects and initiatives during a time of high organisational change. However, the Directorate has been managing its headcount and kept it to a minimum, which has enabled it to achieve a partial (£0.2m) delivery of the £0.3m average vacancy margin challenge held in its 2026/27 FRS budgets, leading to a net total of £0.06m overspend.

Section B
LFC Capital Summary Main Table

The Capital Budget for the current financial year was set at £62.4m and was approved as part of the Final Budget 2026/27. This budget included a £5.5m optimism bias reduction, reflecting experience from previous years.

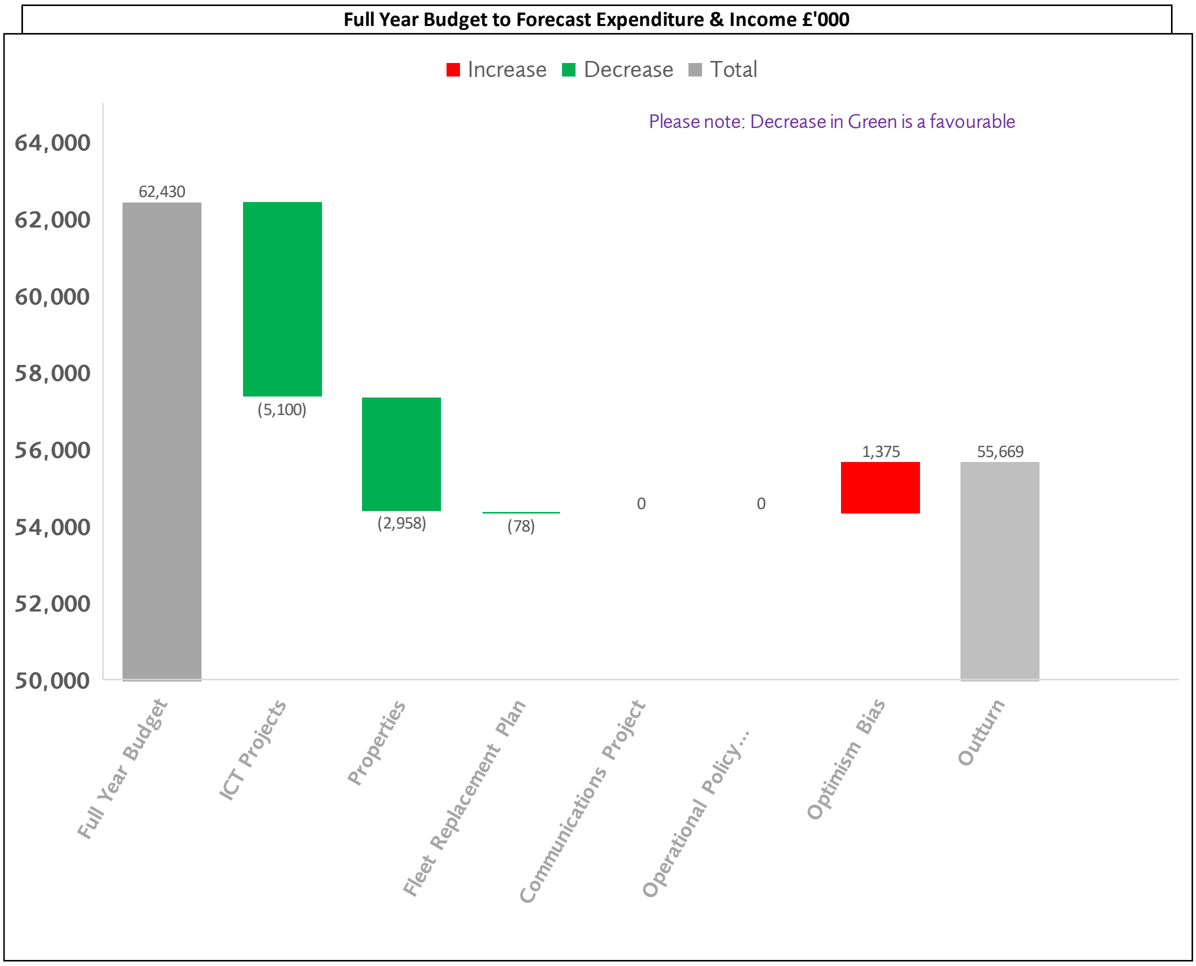
At Q1 capital programme spend of £58.6m is forecast, with the £3.8m underspend largely driven by ICT projects.

The optimism bias adjustment of £5.5m has been reduced by £1.4m to £4.1m as at Q1.

London Fire Commissioner Capital Summary (£'000s)

LFC Capital (£'000s)	Full Year Original Budget	Forecast Outturn at Q1	Variance Q1 Forecast vs Budget
ICT Projects	14,551	9,451	(5,100)
Properties	48,521	45,563	(2,958)
Fleet Replacement Plan	4,858	4,780	(78)
Optimism Bias	(5,500)	(4,125)	1,375
Total Capital Expenditure	**62,430**	**55,669**	**(6,761)**
Financed by:			
Reserves	0	0	0
Capital Receipts	365	365	0
Capital Grants	305	305	0
Borrowing	61,760	54,999	(6,761)
Total Financing	**62,430**	**55,669**	**(6,761)**
Grant Income	305	305	0
Total Net of Grant	**62,125**	**55,364**	**(6,761)**

LFC Capital Summary - Budget to Latest Forecast (1/2)



LFC Capital Summary - Budget to Latest Forecast (2/2)

The Capital Programme is forecasting an outturn of **£55.67m** against an approved budget of **£62.43m**, resulting in an overall projected underspend of **£6.76m at Q1**.

ICT Projects (£5.10m Forecast Underspend)
The forecast underspend within the ICT programme is primarily attributable to project slippage/reprofiling, including:
- **Control and Mobilisation System (CAM)**: Supplier-led delays have resulted in expenditure of £1.70m being deferred into future years.
- **Integrated Management System (IMS)**: Expenditure of £0.53m has slipped pending the implementation of government-mandated changes.
- **Other ICT Projects**: Prioritisation of ICT work associated with the HQ programme have resulted in a further £2.87m of expenditure being deferred this year on other projects which are less time critical.

Fleet Replacement Plan (£0.08m Forecast Underspend)
A small underspend is forecast within the Fleet Replacement Plan, driven by:
- **Light Vehicles**: Procurement has been deferred into 2027/28, generating a saving of £0.75m in the current year.
- This is largely offset by **EV Charger Phases 1 and 2**, which have been accelerated from future years, increasing current-year expenditure by **£0.67m**.

Property Projects (£2.96m Forecast Underspend)
The underspend is driven by deferring £4.90m in HQ and Premises funding into future years due to re-assessment of timescales, partially offset by bringing forward £1.20m (Salix sustainability) and £0.747m (other projects) from 2027/28 into 2026/27.

New LFB Headquarters update:
The LFB is awaiting a formal decision on its planning application for a new Headquarters and upgraded fire station at the 8 Albert Embankment site. The planning decision from Lambeth Council is expected shortly. Enabling works to deliver the new Headquarters will then commence.

The LFB's current rental agreement for Union Street will expire at the end of the 2026/27 financial year. New interim rental accommodation has been secured at Tintagel House (on Albert Embankment) for the period of the works for the new Headquarters to be completed. Work is progressing in preparation of the move of staff to Tintagel House in phases, from late 2026 through to early 2027.

Programme-Wide Optimism Bias Adjustment
A programme-wide optimism Bias adjustment of **£5.50m** was originally applied during the budget-setting process.
Following the Q1 review, this adjustment has been reduced to 75% of its original value, reflecting downward forecast adjustments made to individual programmes, and taking account of improved confidence in programme delivery forecasts.

Section C – Further Information
Summary – Savings Update

The table below presents the current status of savings agreed as part of the budget 2026/27. The position will continue to be reviewed through the financial year, to ensure savings are delivered or potential non-delivery identified at the earliest opportunity. The table shows that as at Quarter 1 the expectation is for all savings to be achieved.

Savings	2026-27 Budget £m	2026-27 Forecast £m	Risk Rating	Comments
Existing Departmental Savings				
People	0.4	0.4	G	This will be achieved through organisational changes already made and review of culture spend for 2026/27
Preparedness and Response - Training and Professional Development	0.1	0.1	G	Reflects changes in the delivery programme
Finance Services	0.1	0.1	G	Benefits from implementation of new HR and Payroll system and new Finance system
ICT	0.1	0.1	G	Removal of Tech refresh funding for CAMS environment as no longer required
Reduction in Lease Car charge	0.1	0.1	G	Phased reduction over 3 years to account for the expiry of the current lease car scheme vehicles
Prevention and Protection	0.2	0.2	G	Permanent conversion of operational ranked inspecting officer posts to FRS staff
Total Existing Departmental	**0.9**	**0.9**		
Departmental and Cost Cutting				
ICT Contract and Licences	0.9	0.9	G	Various savings including contract changes and licencing
Specials Review	0.3	0.3	G	Cross cutting Review of Specialist Capability
Property &TSS	0.1	0.1	G	Various savings including reduced maintenance
Fire Stations	0.2	0.2	G	Smoke Alarms/Fees and Charges
Property &TSS	1.0	1.0	G	Additional Commercial Income (Telecom Masts)
EV Charging Network	0.2	0.2	G	Additional Income
Uniform Budget	0.7	0.7	G	Removal of uniform budget requirement as this is contained with CRMP Programme investment
Contract Savings	1.3	1.3	A	Additional Contract renewal savings, Cumulative target of £2.2m including £0.9m carried forward. This is amber due to market factors (inflation) which could make achievement of the target more challenging.
Process Improvement	0.5	0.5	A	Additional Process Improvement savings. Cumulative target of £2.0m including £1.0m carried forward. Progress being made with pipeline of activities, a detailed assessment of timing of savings will be made in the coming months.
Total Departmental and Cost Cutting	**5.2**	**5.2**		
Total Savings	**6.2**	**6.2**		

Summary – Reserves Position Update (1/2)

The balance on Reserves at June 2026 is forecast at £54.9m, £5.6m increase from the opening balance at March 2026.

General Reserve

The balance on the General Reserve at June 2026 is forecast at £31.5m, which is above the 3.5 per cent of Mayoral funding (of £18.8m) planned to be held over the medium term under the reserves policy.

General Reserve	Amount £'000
2026/27 Opening Balance on General Reserve	25,228
2026/27 MTFS Planned Top-up	2,500
Draft Outturn - Underspend	3,726
Q1 Balance on General Reserve at June 2026	**31,454**

Forecast balance on General Reserve at June 2026 reported at Budget	**25,228**

Change since Budget	**6,226**

Budget Flexibility Reserve (BFR)

There is no change to the BFR balance as at June 2026.

Budget Flexibility Reserve	Amount £'000
2026/27 Opening Balance on BFR	795
Approved Use of Reserves	0
Uncommitted Balance on BFR at June 2026	**795**

Earmarked Reserves

The balance on earmarked reserves at June 2026 is forecast at £23.4m, no movement from the opening The table below summaries all earmarked reserves balances.

Summary – Reserves Position Update (2/2)

LFB Reserves £'000	Balance at 01/04/26	Q1 Reserves Position: Reserve Movements	Q1 Reserves Position: Balance at 30/06/26	Current Full Year Forecast for 2026/27: Full Year Forecasted use of Reserves (TBC)	Current Full Year Forecast for 2026/27: Forecasted Balance at 30/06/26	Movement on 2026/27 Budget Plan: Full Year Forecast as per Budget Plan (TBC)	Movement on 2026/27 Budget Plan: Q1 Movement on Budget Plan	Movement on 2026/27 Budget Plan: Balance as at 30/06/26 as per Budget Plan (TBC)	Movement on 2026/27 Budget Plan: Q1 Movement on Budget Plan
Building Safety Regulator	1,963		1,963		0		0		1,963
Fire Safety and Youth Engagement	4,978		4,978		0		0		4,978
Fire Safety Improvement	10,067		10,067		0		0		10,067
Community Risk Management Plan	53		53		0		0		53
ICT Development Reserve	503		503		0		0		503
Recruitment Reserve	742		742		0		0		742
Communications	80		80		0		0		80
LRAP	976		976		0		0		976
Pension Earmarked Reserve	320		320		0		0		320
Investment Carry Forward	3,484	(594)	2,890		0		(594)		2,890
Budget Flexibility	795		795		0		0		795
TOTAL Earmarked Reserves	**23,962**	**(594)**	**23,368**				**(594)**		**23,368**
General Reserve	25,228	6,226	31,454		0		6,226		31,454
TOTAL Reserves	**49,190**	**5,632**	**54,822**				**5,632**		**54,822**

Summary – Revenue Budget Movements Update (1/1)

The table below sets out any key movements in Q1 budget figures, from that reflected in the LFC approved budget.

LFC Revenue (£'000s)	Approved Budget	Revised Budget at Q1	Change	Explained by: Adjustments to Budget between Nov Submission and Approved Budget	Explained by: Other Budget Corrections / Approved Changes under Delegated Authority
Staff	518,784	527,609	8,824	8,824	0
Premises	55,800	53,753	(2,047)	(2,047)	0
Transport	20,900	21,396	496	496	0
Supplies and Services	39,900	39,263	(637)	(637)	0
Third Party	1,816	2,704	888	888	0
Capital Financing	23,400	23,868	468	468	0
Income	(59,300)	(65,272)	(5,972)	(5,972)	0
Net Revenue Expenditure	**601,300**	**603,321**	**2,021**	**2,021**	**0**
Use of Reserves	0	0	0	0	0
Transfer to Reserves	2,500	2,500	0	0	0
Financing Requirement	**603,800**	**605,821**	**2,021**	**2,021**	**0**
Financed by:					
Specific Grants	(30,200)	(32,221)	(2,021)	(2,021)	0
GLA Funding	(573,600)	(573,600)	0	0	0
Net Financial Position (Forecast Outturn)	**0**	**0**	**(0)**	**(0)**	**0**

Summary – GLA Consolidated Reporting Tables (1/1)

The table below sets out the LFC revenue summary reporting position as at Q1 in a consistent format with that included in the Mayor's Final 2026/27 Consolidated Budget, for both subjective and objective analysis.

Subjective Analysis	2026/27 Budget £m	2026/27 Forecast £m	Variance £m
Staff costs	527.6	528.1	0.5
Premises costs	53.8	52.3	-1.4
Transport costs	21.4	21.9	0.5
Supplies and Services	39.3	38.3	-1.0
Third party payments	2.7	2.8	0.1
Capital financing costs	23.9	21.4	-2.4
Total gross expenditure	**668.5**	**664.8**	**-3.9**
Sales, fees and charges	-63.8	-63.6	0.2
Specific grants	-32.2	-32.3	-0.0
Interest receivable	-1.5	-1.5	0.0
Total gross income	**-97.5**	**-97.4**	**0.1**
Net expenditure	**571.0**	**567.4**	**-3.7**
Transfer from / to reserves	2.5	6.2	3.7
GLA Funding	**573.5**	**573.6**	**-0.0**

Objective Analysis	2026/27 Budget £m	2026/27 Forecast £m	Variance £m
Corporate Services	86.5	86.3	-0.2
Preparedness & Response	410.7	410.9	0.2
People	7.7	8.0	0.3
Prevention, Protection and Policy	40.0	38.5	-1.5
Communications	3.8	3.9	0.0
Net Service Expenditure	**548.7**	**547.5**	**-1.3**
Capital Financing Costs	23.9	21.4	-2.5
External Interest Receipts	-1.5	-1.5	0.0
Net Expenditure	**571.1**	**567.4**	**-3.7**
Savings to be identified	0.0	0.0	0.0
Transfer to/(from) reserves	2.5	6.2	3.7
Financing Requirement	**573.6**	**573.6**	**-0.0**
Unringfenced Government Grants	0.0	0.0	0.0
Retained Business Rates	322.1	322.1	0.0
Council Tax Requirement	**251.5**	**251.5**	**-0.0**

Summary – Key Performance Indicators (Aged Debt) Update

The table below shows the current position for aged debt as at the end of June 2026. It should be noted that this does not include unallocated cash and credit notes. Outstanding debt over 30 days is currently at £2,723,588. This has increased from the £2,123,848 as at the end of Quarter 4 2025/26 and is under review.

Total Outstanding Debt Net of Credit Memos and Unallocated Cash (Excludes MFB)

Debt Age	Amount (£)	Number of Items
0-30 days	748,768.20	123
30-60 days	78,392.78	141
60-90 days	108,844.78	103
90-120 days	365,645.95	88
120-365 days	1,148,753.41	909
1-2 years	794,440.17	574
over 2 years	227,510.82	101
Total	**3,472,356.11**	**2039**

Summary – Risks to the Financial Position Update

The table below presents a summary of the key risks to the LFC's in-year financial position.

Likelihood						
	5					
	4			Replacement Vehicles & Equipment	Inflation Operational Budget Volatility	
	3			Telecommunications Income Cost of Borrowing Capital Rephasing TFF recoursing Vehicle Contract & Accident Claims	New Unfunded Pressures Building Rates Review Legal / Compensation Claims	Failure to deliver planned savings and efficiencies New F&P system New HR & Payroll system
	2		Contractor Default Debt Charges	Energy Costs	Project costs not able to be capitalised due to changes in delivery model(s) Pensions Remedy	
	1					
		1	2	3	4	5
		Impact				

The highest rated risks currently for the current year are:

- **Operational Budget Volatility** – increasing, and often seasonal demands, have budgetary impact on front line delivery. While significant reductions on key areas of budget pressure such as overtime have been made over the past two years, responding to issues such as wildfires and impact of geopolitical events remains a high risk.
- **Inflation** – The Iran War is continuing to have an impact on inflation and contracts that may result in additional cost pressures.
- **Failure to deliver planned savings and efficiencies** – £6m savings were applied for 2026/27 as part of reaching a balanced budget. Progress against targets are governed closely through Director led scrutiny to ensure appropriate management actions are taken.
- **New Finance & Purchasing system** – residual transition areas following last years implementation has the potential to impact data used for forecast modelling, particularly for non-staff costs.
- **New HR & Payroll system** – transition areas following last years implementation has the potential to impact data used for forecast modelling, particularly for non-staff costs.
- **Risks for pay award** – Operational/Control pay award for 2026/27 has been agreed with the FRS pay award still under discussion.

Summary – Climate Budget Reporting

The LFC is required to report on a quarterly basis to show progress on the agreed and funded projects set out in their Climate Budgeting commitments. This should be incorporated into quarterly reporting as a new standalone section 'Climate budget reporting'. The Quarter 1 submission is due for submission on 2nd August 2026 and has been changed which now provides a carbon emission graph which is included below (NB. this graph is still being refined and may be subject to change)

Two KPIs should be included in this update, on *progress on implementing funded and unfunded budget measures*, providing a RAG rating on progress and a short explanatory narrative for the ratings reported.

The quarterly RAG status on the two KPIs for Q1 is provided below:

Overall assessment of progress against Climate Budget	**Quarterly RAG rating** **Q1**
Progress against funded climate measures	Green
Progress against unfunded climate measures	Red

Funded climate measures – Green
The 10 LFB projects are funded and are currently within budget and largely working to expected deadlines. We have 5 projects that are Green and on track. LFB have 4 projects which are amber and one project that is currently red due to Central Operations delays. All projects remain fully funded, however some are behind on original timescales, with all projects likely to be complete by December 2026.

Unfunded climate measures - Red
The LFB projects are unfunded and therefore are unable to receive governance. These projects are in design stages and can only be progressed following a budget allocation. The three Electric Vehicle (EV) Charging projects have been moved to table A in future as these projects are semi funded from internal funding and are subject to a department of Transport and OZEV depot charging grant award.