Appendix 1

LONDON FIRE BRIGADE

Finance Report

Quarter 2, 2026/27

1 July 2026 to 30 September 2026

Financial Position as at 30 September 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 September 2026 (Q2).

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 commenced in August, with audit opinion planned for sign off by the statutory sector-wide backstop date of 31 January 2027.

Mayor's Budget for 2026/27

The Mayor of London published his Budget Guidance 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 and strategic planning work is on target to meet that deadline.

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 2026/27 Revenue Summary Main Table

The table below sets out the Q2 Finance Position for LFC, broken down by subjective.

The forecast outturn at 30 September 2026 reports a projected overspend of £3.2m for the 2026/27 financial year (0.56% of the budget). This includes a contribution to General Reserve of £2.5m, planned for as part of the 2026/27 budget, as at that time General Reserve balance was forecast to be below policy of 3.5% of funding levels. Given current forecasts project an improved position at March 2027 for the General Reserve, mainly as a result of an improved outturn for 2025/26, a decision will be taken at year end on whether that top-up should still go ahead.

The overspend is being driven by a range of factors including the Iran War - which is has impacted on inflation (including pay and fuel costs) - and significant additional costs on overtime associated with extreme summer weather and global events. As an illustration of the increased demand over summer, average daily call volumes to LFB in August 2026 were 49% higher than previous three years. With support from the Mayor, LFC has requested additional support from central government in three areas: an annual ongoing central government grant of £9–10m, indexed to inflation, reflecting London's status as the capital and its heightened exposure to terrorism, hostile state activity and the impact of geo-political tensions, as evidence by the incidents in North West London this year; financial support for the costs of extra overtime to deal with the weather-related demands in London and supporting fire services nationally; and, in anticipation of worsening conditions next summer, LFB also needs to accelerate plans to invest in specialist lightweight PPE for frontline firefighters suitable for wildfire response (the Prime Minister announced extra funding for PPE on 23 October 2026, we await further details about its allocation).

The overspend is partly offset by underlying operational staff costs 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 under forecast due to a projected underspend on utilities based on current run rates, with further exceptional one-off income from granting of an easement on LFB land. In addition, Minimum Revenue Provision is forecast to be lower than budgeted due to under-delivery on the 2025/26 capital programme.

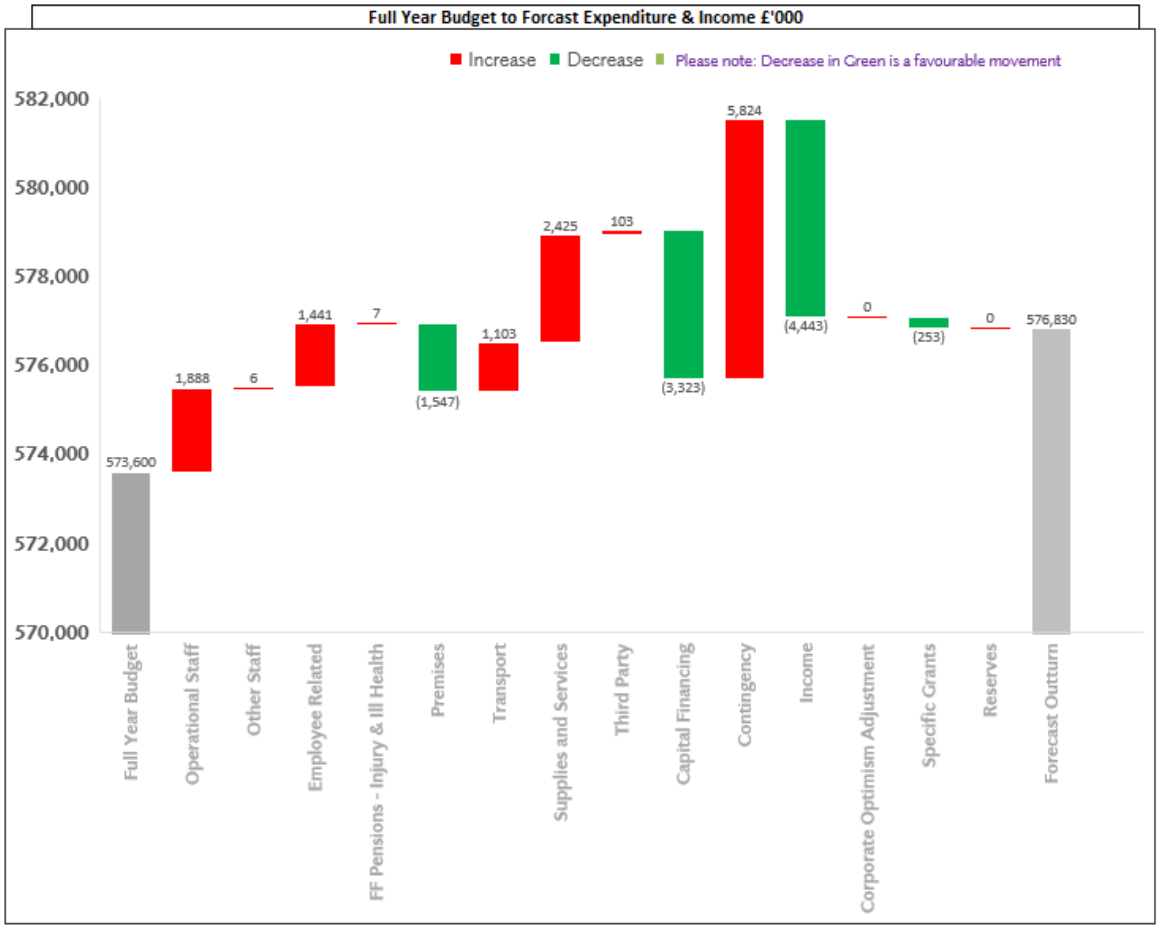
Further information on key variances is provided in the following pages.

LFC 2026/27 Revenue Summary Main Table

London Fire Commissioner Revenue Summary (£'000s)								
	A	B	C = [B - A]	D	E	F = [E - D]	G	H = [E - G]
LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast at Q2	Variance: Forecast Outturn vs Revised Budget at Q2	Forecast Variance at Q1	Change in Forecast Variance since Q1
Operational Staff	189,902	192,873	2,972	383,106	384,994	1,888	(1,807)	3,695
Other Staff	40,689	40,907	219	81,453	81,459	6	(397)	402
Employee Related	19,983	13,093	(6,890)	39,966	41,407	1,441	656	785
Firefighter Pensions - Injury & Ill Health	12,397	11,298	(1,099)	24,794	24,801	7	0	7
Premises	26,847	25,808	(1,039)	53,693	52,146	(1,547)	(1,438)	(109)
Transport	10,698	11,639	941	21,396	22,499	1,103	488	615
Supplies and Services	20,633	14,116	(6,517)	41,266	43,691	2,425	(988)	3,413
Third Party	1,352	806	(546)	2,704	2,807	103	100	2
Capital Financing	11,934	0	(11,934)	23,868	20,545	(3,323)	(2,423)	(900)
Contingency	1,476	0	(1,476)	(2,968)	2,856	5,824	2,000	3,824
Income	(32,622)	(35,285)	(2,663)	(65,243)	(69,687)	(4,443)	121	(4,564)
Net Revenue Expenditure	**303,289**	**275,256**	**(28,033)**	**604,035**	**607,519**	**3,483**	**(3,687)**	**7,170**
Use of Reserves	(357)	0	357	(714)	(714)	0	0	0
Transfer to Reserves	0	0	0	2,500	2,500	0	0	0
Financing Requirement	**302,932**	**275,256**	**(27,676)**	**605,821**	**609,305**	**3,483**	**(3,687)**	**7,170**
Financed by:								
Specific Grants	(16,111)	2,490	18,601	(32,221)	(32,474)	(253)	(39)	(214)
GLA Funding	(286,800)	0	286,800	(573,600)	(573,600)	0	0	0
Net Financial Position (Forecast Outturn)	**21**	**277,746**	**277,725**	**0**	**3,230**	**3,230**	**(3,726)**	**6,957**

** YTD spend reflects actual costs to the end of September, with the exception of grant / funding income, with work ongoing to bring this up to date for Q3. The YTD spend on Specific Grants therefore reflects reversal of grant accruals processed at 2025/26 year end.*

LFC Revenue Summary - Budget to Latest Forecast at Q2



LFC Revenue Summary – Key Variances

Comments
Full Year Latest Forecast vs Budget

The full year forecast outturn at 30 September 2026 shows a projected net overspend (after reserves and grants) of £3.2m.

Operational Staff - overspend of £1.89m
The overspend is largely driven by significant additional Fire Station staffing costs of £4.4m, of which £3.7m is associated with overtime for the extreme weather and drought conditions experienced over recent months, alongside additional detached staff within Operational Resilience delivering on National Security requirements of £0.7m.

This is partially offset by an underspend in underlying operational salary costs of £3.1m, due to average vacancy margin running above what was assumed in the budget.

The Brigade also incurred £1.1m of overtime costs through supporting national major incidents and c.£0.7m of this is assumed to be recoverable from other Fire & Rescue Services. See income below.

Resource deployment is reviewed and managed through the Commissioner's Continuity Group (CCG), that is aligned to the National Coordination Office. Over the summer months, the CCG agreed to secure operational resilience by taking appropriate measures to maximise appliance availability, with the intention of staffing all available frontline appliances during the period of heightened risk. This decision was taken through careful consideration of the cumulative risk factors facing London and across the country, with increasing appliance availability agreed as a proportionate and precautionary measure, providing greater operational grip and organisational resilience during a foreseeable period of heightened risk.

For further information, including overtime trends, please see Preparedness & Response section.

Employee Related – overspend of £1.4m
The main driver of this is an overspend on the Legal Compensation budget within the General Counsel department of £1m attributable to an increase in high value Personal Injury claims.
At Q1, the reported forecast overspend on the Legal Compensation budget was £0.49m. However, this did not take account of £0.4m growth approved through the final 2026/27 Budget Report, which has now been allocated within the General Counsel budget at Q2, meaning the underlying Q1 position was a very small budget variance of £0.09m. Since Q1 reporting, the forecast has been updated in recognition of estimated damages in some new high value personal injury claims, resulting in a now forecast overspend for the year of £1m. The timing and nature of claims is inherently uncertain but General Counsel and Finance colleagues are working jointly to review the forecasting approach in-year and inform longer term budget modelling.
This pressure is being partially offset by savings from the renewal of the public liability insurance contract, held within Central Finance (£0.4m).

In addition, overspend of £0.45m in Preparedness & Response is forecast, largely in relation to the training contract and volume of in-year Station Commander placements, with an additional £0.4m pressure in Prevention, Protection & Policy largely relating to the impact of two consecutive annual 3% contractual indexation increases in the Optima Occupational Health contract (which is now being factored into future budget planning).

Comments
Full Year Latest Forecast vs Budget

Premises – underspend of £1.5m
This underspend is mainly driven by a projected underspend on utilities of £1.6m based on current run rates driven by market fluctuations in the price of energy. In addition, an underspend of £0.1m is forecast on the PFI contract, with a further £0.2m underspend delivered through savings in the renewal of property insurance. This is being partially offset by a £0.3m forecast overspend on rent increases, and a £0.2m forecast overspend associated with reactive works on appliance bay door and further increased demand.

Transport – overspend of £1.1m
The overspend is largely driven by fuel costs due to price increases driven by the Iran War and ongoing uncertainty in the Middle East. Costs continue to be above budget, with inflationary impacts for the future years being picked up as part of the budget process. Risks remain however due to uncertainty over global prices.

Supplies and Services - overspend of £2.4m (net underspend of £0.6m after income)
This overspend largely reflects externally funded costs within Prevention, Protection & Policy for both the Building Safety Regulator and Protection Uplift Programme, offset by additional income (see below). This includes updated assumptions on work flowing through the National Hub for the Building Safety Regulator that is hosted by LFB, and the associated payments out to other Fire & Rescue Services for work completed, effectively 'pass-through' payments.

Capital Financing - underspend of £3.3m
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 £5.8m
This overspend is due to a £3m forecast pressure driven by the nationally-determined Pay Award being higher than planned, at 3.8% for Operational and Control Staff, and 3% for FRS staff with additional changes to bandings.

In addition, some delivery slippage has been experienced in cross cutting savings that are held in Central Finance on behalf of the organisation. £1.5m of organisational wide People savings are now not expected to deliver in-year. This £1.5m was originally part of the Vacancy Control Panel target for 2025/26 which became harder to deliver over time as teams restructured and efficiencies were delivered, so was reallocated to a broader, organisational wide People Saving. This is being revisited as part of the 2027/28 budget process.
A £1m under delivery in-year is also expected in savings associated with the Process Opportunities Project (POP) which relates to timing of cashable benefits from project work that is otherwise progressing well. The balance of £0.4m relates to smaller savings where budgets held centrally are being delivered across a range of departmental lines.

Income – over recovery of £4.4m
The over-recovery largely reflects income off-setting costs above, with £4.8m in relation to Building Safety Regulator and Protection Uplift Programme within Prevention, Protection & Policy, and £0.7m forecast recharge to other Fire & Rescue Services within Preparedness & Response in relation to costs associated with national resilience support provided for wildfires and major incidents. This recharge is £400k less than the costs incurred by the LFC, a case is being made to government that any income should reflect actual costs incurred. In addition, £2m of additional in-year income for right of easement at Park Royal Fire

Comments
Full Year Latest Forecast vs Budget

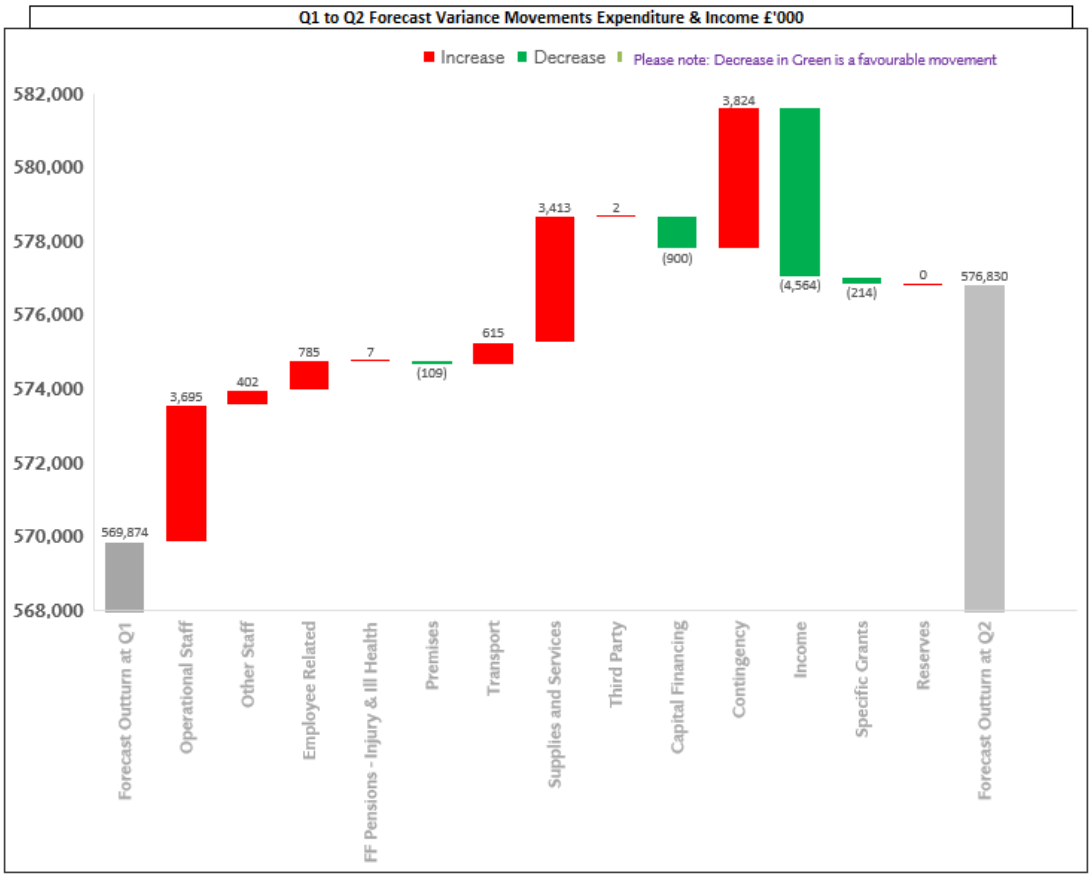
Station in included within Corporate Services.

This is partially off-set by a £1.7m pressure on MFB Act income and a reduction of £0.7m sublet income within Corporate Services, and a £0.7m reduction in secondment income within Learning & Professional Development.

Please see individual Directorate sections for more information.

Specific Grants – over recovery of £0.3m
This reflects small uplifts on grant allocations for the 2026/27 financial year, not known at the time of budget setting.

LFC Revenue Summary - Forecast at Q2 to that reported at Q1



LFC Revenue Summary – Key Movements from Q1

Comments
Full Year Q2 Forecast vs Q1

The forecast outturn at 30 September 2026 shows an adverse movement of £6.9m on that reported at Q1.

Operational Staff – adverse movement in variance of £3.7m
The forecast variance on operational staff has moved from an underspend of £1.8m at Q1 to an overspend of £1.8m at Q2. The key driver of this is the additional overtime costs associated with extreme weather over the summer and the impact of managing risk from global events. See Preparedness & Response section for more information.

Other Staff (including FRS and Control Staff groups) – adverse movement in variance of £0.4m
While the forecast reports on budget at Q2, this does represent an increase on the £0.4m underspend reported at Q1. This movement relates to an update of recruitment and spend plans across FRS Staff and Control Staff groups, including Control overtime impact from extreme weather events over the summer period.

Employee Related – adverse movement in variance of £0.79m
The forecast overspend has increased from £0.79m reported at Q1 to £1.4m at Q2. This relates to an increase within General Counsel in Corporate Services, linked to estimated costs of new personal injury claims (the timing and extent of which are difficult to forecast).

Transport – adverse movement in variance of £0.6m
The forecast overspend has increased from £0.6m reported at Q1 to £1.1m at Q2. This largely relates to Preparedness & Response and market driven fuel prices within Fire Stations.

Supplies and Services – adverse movement in variance of £3.4m (negligible when net of income)
The forecast variance on supplies and services has moved from a reported underspend of £0.99m at Q1 to an overspend of £2.4m at Q2. This movement largely reflects additional costs associated with the Building Safety Regulator and Protection Uplift Programme, that are covered by additional income. See Prevention, Protection & Policy section for more information.

Capital Financing – favourable movement in variance of £0.9m
The forecast underspend on capital financing has moved from an underspend of £2.4m reported at Q1 to an underspend of £3.3m at Q2. This relates to updated information from London Treasury Limited on the expected cost of borrowing and associated interest payments.

Contingency – adverse movement in variance of £3.8m
The forecast overspend on contingency has increased from £2.0m reported at Q1 to £5.8m at Q2. The main drivers of this are £1m above budget on FRS Pay Award, alongside some delivery slippage on cross cutting savings that are held in Central Finance on behalf of the organisation. £1.5m of organisational wide People savings are now not expected to deliver in-year with alternative options being reviewed as part of the 2027/28 budget process. In addition, a £1m under delivery in-year is expected in savings associated with the Process Opportunities Project (POP) which relates to timing of cashable benefits from project work that is otherwise progressing well.

Comments
Full Year Q2 Forecast vs Q1

Income – favourable movement in variance of £4.6m (small movement net of costs above)
The increase in over-recovery largely reflects income off-setting costs above, with £4.8m in relation to Building Safety Regulator and Protection Uplift Programme within Prevention, Protection & Policy, and £0.7m forecast recharge to other Fire & Rescue Services within Preparedness & Response in relation to costs associated with national resilience support provided for wildfires and major incidents. This recharge is £400k less than the costs incurred by the LFC, a case is being made to government that any income should reflect actual costs incurred. See Operational Staff and Supplies and Services.

Specific Grants – favourable movement in variance of £0.2m
This reflects small uplifts on grant allocations for the 2026/27 financial year, where grant allocations have only recently been announced.

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

The table below sets out the reported overall LFC position at Q2 broken down by Directorate.

The £3.2m forecast overspend largely reflects higher pay inflation than assumed at the time of budget setting, significant additional overtime costs in Preparedness & Response as a result of extreme weather and global events, partially offset by vacancies across Departments, lower capital financing costs due to underdelivery of the 2025/26 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]	G	H = [E - G]
Directorate (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast at Q2	Variance: Forecast Outturn vs Revised Budget at Q2	Forecast Variance at Q1	Change in Forecast Variance since Q1
Preparedness and Response	207,578	202,103	(5,475)	418,641	422,615	3,975	181	3,794
Prevention, Protection and Policy	20,024	22,738	2,714	40,175	36,641	(3,534)	(1,505)	(2,029)
Corporate Services	53,107	47,125	(5,982)	102,552	104,826	2,273	(2,692)	4,965
People	4,195	3,839	(356)	8,396	8,655	259	254	5
Communications	1,918	1,941	23	3,836	4,094	258	37	221
Total	**286,821**	**277,746**	**(9,075)**	**573,600**	**576,830**	**3,230**	**(3,726)**	**6,957**

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]	G	H = [E - G]
LFC Revenue (£'000s)	**YTD Budget**	**YTD Spend**	**YTD Variance**	**Full Year Revised Budget**	**Forecast at Q2**	**Variance: Forecast Outturn vs Revised Budget at Q2**	**Forecast Variance at Q1**	**Change in Forecast Variance since Q1**
Operational Staff	182,207	183,843	1,636	367,574	369,582	2,008	(263)	2,270
Other Staff	8,063	8,210	147	16,202	16,675	472	(78)	551
Employee Related	14,955	8,504	(6,451)	29,910	30,360	450	60	390
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0	0	0	0
Premises	313	181	(132)	626	567	(59)	1	(60)
Transport	1,372	1,730	357	2,745	3,729	985	508	476
Supplies and Services	1,960	767	(1,194)	3,921	3,958	37	16	22
Third Party	14	258	244	28	28	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	75	0	(75)	400	422	23	0	23
Income	(1,383)	(1,351)	32	(2,765)	(2,667)	98	(25)	123
Net Revenue Expenditure	**207,578**	**202,142**	**(5,435)**	**418,641**	**422,655**	**4,014**	**220**	**3,794**
Use of Reserves	0	0	0	0	0	0	0	0
Transfer to Reserves	0	0	0	0	0	0	0	0
Financing Requirement	**207,578**	**202,142**	**(5,435)**	**418,641**	**422,655**	**4,014**	**220**	**3,794**
Financed by:								
Specific Grants	0	(39)	(39)	0	(39)	(39)	(39)	0
Other Government Grants	0	0	0	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**207,578**	**202,103**	**(5,475)**	**418,641**	**422,615**	**3,975**	**181**	**3,794**

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

Comments
Full Year Latest Forecast vs Budget

Operational Staff – overspend of £2.0m
The overspend is driven by significant additional Fire Station staffing costs of £4.4m, of which £3.7m is associated with overtime relating to the extreme weather and drought conditions experienced over recent months, alongside additional detached staff within Operational Resilience delivering on National Resilience Requirements of £0.7m. This is partially offset by an underspend in underlying operational salary costs of £3.1m, due to average vacancy margin running above the level assumed in the budget.

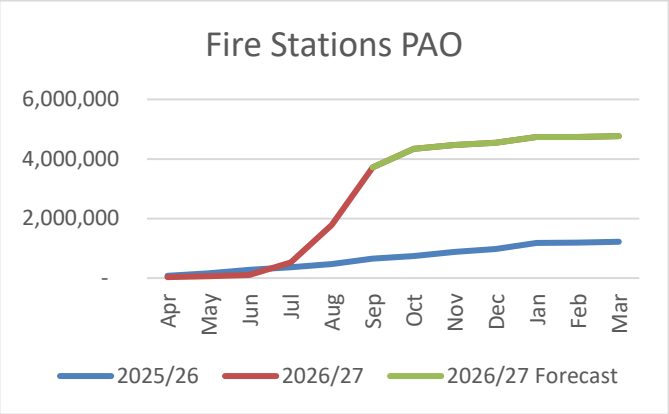
Total operational overtime within Fire Stations is currently forecast at £9.7m for the year, against a budget of £5.9m, an overspend of £3.8m. In addition, costs of £1.1m have been incurred through activation of the recall to duty policy in responding to national resilience requirements across the country. The Q2 forecast assumes that around £0.7m of the national resilience impact will be recovered from other Fire & Rescue Services (see income, forecast shortfall of £0.4m), however this remains a risk given financial pressures faced across the sector in responding to unprecedented circumstances and current uncertainty on central government funding arrangements.

Significant work has been undertaken over recent years to bring pre-arranged overtime (PAO) down, with costs of £1.2m seen in 2025/26, a significant reduction of £3.2m experienced during 2024/25. This 73% reduction reflected the successful impact of a range of management actions including a focus on long term sickness, and regular reporting to Establishment Board to review effectiveness.
However, the impact of recent extreme weather and drought, coupled with responding to the impact of wider national events, has led to a revised forecast for the current financial year for PAO of £4.8m.PAO costs incurred over the period July to September were £3.6m (excluding employer on-costs), a 960% increase on the £375k experienced in the same period last year.

Resource deployment is reviewed and managed through the Commissioner's Continuity Group (CCG), that is aligned to the National Coordination Office. Over the summer months, the CCG agreed to secure operational resilience by taking appropriate measures to maximise appliance availability, with the intention of staffing all available frontline appliances during the period of heightened risk. This decision was taken through careful consideration of the cumulative risk factors facing London and across the country, with increasing appliance availability agreed as a proportionate and precautionary measure, providing greater operational grip and organisational resilience during a foreseeable period of heightened risk. The additional expenditure was therefore a recognised and proportionate consequence of a deliberate operational decision to strengthen the Brigade's preparedness and resilience.

The Q2 forecast assumes a return to 2025/26 levels of PAO by November, however this remains under review, with forecast risk remaining.

Comments
Full Year Latest Forecast vs Budget



Other Staff – overspend of £0.47m
The overspend largely relates to Control staff within Control & Mobilising, reflecting both maternity cover and overtime costs in meeting the pressures over the summer months. As an illustration of the increased demand over summer, average daily call volumes to LFB in August 2026 were 49% higher than previous three years.

Employee Related – overspend of £0.45m
The overspend largely relates to the training contract within Learning & Professional Development, with increased activity in-year, including to support the number of Station Commander placements.

Transport – overspend of £0.99m
The overspend is largely driven by fuel costs due to expectation of pricing increases driven by the Iran War and ongoing uncertainty in the Middle East. Costs continue to be above budget, with inflationary impacts for the future years being picked up as part of the budget process. Risks remain however due to uncertainty over global prices.

Income – under-recovery of £0.1m
While the overall variance is small, this reflects £0.7m of income assumed from other Fire & Rescue Services to offset costs associated with national resilience support provided for wildfires and major incidents, largely off-set by a £0.7m reduction in secondment income within Learning & Professional Development. This is due to a reduced number of individuals seconded to external organisations, withopportunities to absorb this within the Learning & Development budget through a review of the associated staffing forecast assumptions are being sought. .

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]	G	H = [E - G]
LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast at Q2	Variance: Forecast Outturn vs Revised Budget at Q2	Forecast Variance at Q1	Change in Forecast Variance since Q1
Operational Staff	6,747	6,698	(49)	13,622	13,152	(470)	(1,360)	889
Other Staff	13,737	12,911	(826)	27,475	25,988	(1,486)	(212)	(1,274)
Employee Related	1,500	1,407	(94)	3,001	3,395	394	115	280
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0	0	0	0
Premises	61	90	29	122	90	(32)	(32)	0
Transport	137	182	45	273	259	(14)	(3)	(11)
Supplies and Services	1,470	(1,147)	(2,617)	2,940	5,912	2,972	(13)	2,985
Third Party	12	0	(12)	25	33	8	0	8
Capital Financing	0	0	0	0	0	0	0	0
Contingency	94	0	(94)	189	134	(55)	(0)	(55)
Income	(2,744)	1,330	4,074	(5,488)	(10,294)	(4,806)	0	(4,806)
Net Revenue Expenditure	**21,015**	**21,471**	**456**	**42,158**	**38,668**	**(3,490)**	**(1,505)**	**(1,984)**
Use of Reserves	0	0	0	0	0	0	0	0
Transfer to Reserves	0	0	0	0	0	0	0	0
Financing Requirement	**21,015**	**21,471**	**456**	**42,158**	**38,668**	**(3,490)**	**(1,505)**	**(1,984)**
Financed by:								
Specific Grants	(991)	1,267	2,259	(1,983)	(2,028)	(45)	0	(45)
Other Government Grants	0	0	0	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**20,024**	**22,738**	**2,714**	**40,175**	**36,641**	**(3,534)**	**(1,505)**	**(2,029)**

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

Comments
(Full Year Latest Forecast vs Budget)

Operational Staff – underspend of £0.47m
This underspend is primarily driven by underspend within Prevention & Protection (Fire Safety Delivery) due to several vacant posts, and where projects have come to an end. 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.

The adverse movement on forecast variance from that reported at Q1 reflects updated assumptions on spend against externally funded work such as the Protection Uplift Programme and Building Safety Regulator, both of which are offset by additional income below.

Other Staff – underspend of £1.49m
This underspend is primarily driven by 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.

The change in forecast variance from that reported at Q1 reflects updated assumptions on recruitment over the second half of the financial year.

Employee Related – overspend of £0.39m
This overspend largely reflects the impact of two consecutive annual 3% contractual indexation increases in the Optima Occupational Health contract (£126k).

Supplies & Services – overspend of £2.97m
This overspend largely reflects externally funded costs for both the Building Safety Regulator and Protection Uplift Programme, offset by additional income (see below). This includes updated assumptions on work flowing through the National Hub for the Building Safety Regulator that is hosted by LFB, and the associated payments out to other Fire & Rescue Services for work completed, effectively 'pass-through' payments.

Income – over-recovery of £4.8m
This largely reflects forecast income from the Building Safety Regulator, a significant proportion of which will be passed to other Fire & Rescue Services for work completed. See Supplies & Services above.

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]	G	H = [E - G]
LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast at Q2	Variance: Forecast Outturn vs Revised Budget at Q2	Forecast Variance at Q1	Change in Forecast Variance since Q1
Operational Staff	517	1,514	998	1,043	873	(170)	(141)	(29)
Other Staff	14,295	14,923	627	28,590	28,894	303	(280)	584
Employee Related	3,072	3,064	(9)	6,145	6,803	658	469	190
Firefighter Pensions - Injury & Ill Health	12,397	11,298	(1,099)	24,794	24,801	7	0	7
Premises	26,467	25,521	(946)	52,933	51,463	(1,471)	(1,407)	(64)
Transport	9,111	9,706	595	18,222	18,389	167	(14)	181
Supplies and Services	16,417	14,248	(2,169)	32,834	32,192	(642)	(1,141)	499
Third Party	1,320	548	(772)	2,640	2,735	95	100	(6)
Capital Financing	11,934	0	(11,934)	23,868	20,545	(3,323)	(2,423)	(900)
Contingency	1,257	0	(1,257)	(3,658)	2,265	5,922	2,000	3,922
Income	(28,501)	(34,958)	(6,458)	(57,001)	(56,106)	895	146	750
Net Revenue Expenditure	**68,286**	**45,863**	**(22,423)**	**130,411**	**132,853**	**2,442**	**(2,692)**	**5,134**
Use of Reserves	(60)	0	60	(120)	(120)	0	0	0
Transfer to Reserves	0	0	0	2,500	2,500	0	0	0
Financing Requirement	**68,226**	**45,863**	**(22,363)**	**132,791**	**135,233**	**2,442**	**(2,692)**	**5,134**
Financed by:								
Specific Grants	(15,119)	1,263	16,382	(30,238)	(30,407)	(169)	0	(169)
Other Government Grants	0	0	0	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**53,107**	**47,125**	**(5,982)**	**102,552**	**104,826**	**2,273**	**(2,692)**	**4,965**

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

Comments
(Full Year Latest Forecast vs Budget)

Operational Staff – underspend of £0.17m
This underspend is largely due to the underutilisation of the budget for a Station Commander role in Procurement.

The overspend reported in the YTD position reflects costs budgeted and forecasted within Preparedness & Response, to be recharged for Q3.

Other Staff – overspend of £0.3m
The overspend is driven by FRS staff across teams within the Directorate, including posts required to support critical projects and initiatives. The Directorate has been carefully managing its headcount to deliver the £2.3m vacancy margin challenge set within departmental budgets, with the forecast overspend representing a small under-delivery against that.

Employee-related costs – £0.66m overspend
The main driver of this is an overspend on the Legal Compensation budget within the General Counsel department of £1m attributable to an increase in high value Personal Injury claims.
At Q1, the reported forecast overspend on the Legal Compensation budget was £0.49m. However, this did not take account of £0.4m growth approved through the final 2026/27 Budget Report, which has now been allocated within the General Counsel budget at Q2, meaning the underlying Q1 position was a very small budget variance of £0.09m. Since Q1 reporting, the forecast has been updated in recognition of estimated damages in some new high value personal injury claims, resulting in a now forecast overspend for the year of £1m. The timing and nature of such claims is inherently uncertain and difficult to forecast; however, General Counsel and Finance colleagues are working jointly to review the forecasting approach in-year and inform longer term budget modelling.
This pressure is being partially offset by savings from the renewal of the public liability insurance contract, held within Central Finance (£0.4m).

Premises – underspend of £1.47m
This underspend is mainly driven by a projected underspend on utilities of £1.6m based on current run rates driven by market fluctuations in the price of energy. In addition, an underspend of £0.1m is forecast on the PFI contract, with a further £0.2m underspend delivered through savings in the renewal of property insurance. This is being partially offset by a £0.3m forecast overspend on rents, and a £0.2m forecast overspend associated with reactive works on an appliance bay door and further increased demand.

Transport – overspend of £0.17m
This overspend largely relates to lease car charges and the number of cars ordered.

Supplies & Services – underspend of £0.64m
This underspend is predominantly driven by lower-than-anticipated spend on external legal professional fees, forecast underspend on the Scientific Services contract, and underspend across a range of budgets within ICT, largely related to project timing.

Comments
(Full Year Latest Forecast vs Budget)

Capital Financing – underspend of £3.3m
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 £5.9m
This overspend is due to a £3m forecast pressure driven by the nationally-determined Pay Award being higher than planned, at 3.8% for Operational and Control Staff, and 3% for FRS staff with additional changes to bandings. In addition, some delivery slippage has been experienced in cross cutting savings that are held in Central Finance on behalf of the organisation. £1.5m of organisational wide People savings are now not expected to deliver in-year with alternative options being reviewed as part of the 2027/28 budget process. In addition, a £1m under delivery in-year is expected in savings associated with the Process Opportunities Project (POP) which relates to timing of cashable benefits from project work that is otherwise progressing well. The balance of £0.4m relates to smaller savings where budgets held centrally are being delivered across a range of departmental lines.

Income - under recovery of £0.9m
This includes £2m of additional income received in year for right of easement at Park Royal Fire Station offset by a £1.7m pressure on MFB Act income based on current forecasts. In addition, a reduction of £0.7m sublet income is expected due to timing of tenants leaving Union Street Headquarters.

Specific Grants - over recovery of £0.17m
This reflects small uplifts on grant allocations for the 2026/27 financial year, not known at the time of budget setting.

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]	G	H = [E - G]
LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast at Q2	Variance: Forecast Outturn vs Revised Budget at Q2	Forecast Variance at Q1	Change in Forecast Variance since Q1
Operational Staff	431	681	250	867	1,388	521	(44)	564
Other Staff	3,011	3,162	150	6,022	6,363	341	118	223
Employee Related	433	116	(317)	866	814	(52)	22	(74)
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0	0	0	0
Premises	1	0	(1)	1	1	0	0	0
Transport	30	8	(22)	59	50	(9)	(3)	(6)
Supplies and Services	566	181	(385)	1,131	1,233	101	161	(59)
Third Party	0	0	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	21	0	(21)	43	19	(23)	0	(23)
Income	0	(308)	(308)	0	(619)	(619)	0	(619)
Net Revenue Expenditure	**4,492**	**3,839**	**(653)**	**8,990**	**9,249**	**259**	**254**	**5**
Use of Reserves	(297)	0	297	(594)	(594)	0	0	0
Transfer to Reserves	0	0	0	0	0	0	0	0
Financing Requirement	**4,195**	**3,839**	**(356)**	**8,396**	**8,655**	**259**	**254**	**5**
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
Other Government Grants	0	0	0	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**4,195**	**3,839**	**(356)**	**8,396**	**8,655**	**259**	**254**	**5**

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

Comments (Full Year Latest Forecast vs Budget)
Operational Staff – overspend of £0.52m (offset by income below) The overspend reflects current cost of staffing on secondment to external organisations such as National Fire Chiefs Council (NFCC) and other Fire & Rescue Services, and is offset by additional income below. Costs are reflected in People Services as HR manage the recharge arrangements. **Other Staff – overspend of £0.34m** 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 delivery of the £0.47m average vacancy margin challenge held in its 2026/27 FRS budgets. The increase in forecast variance since Q1 reflects updated recruitment plans in filling key vacancies, but is being managed against reduced forecasts on other non-staff budgets. **Income – over-recovery of £0.61m (offset by staff costs above)** This reflects recovery of costs for employees seconded to external organisations such as the NFCC and other Fire & Rescue Services. This offsets costs held above, and are reflected in People Services as HR manage the recharge arrangements.

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]	G	H = [E - G]
LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast at Q2	Variance: Forecast Outturn vs Revised Budget at Q2	Forecast Variance at Q1	Change in Forecast Variance since Q1
Operational Staff	0	138	138	0	0	0	0	0
Other Staff	1,582	1,702	120	3,163	3,539	375	57	319
Employee Related	23	3	(20)	45	35	(10)	(10)	0
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0	0	0	0
Premises	5	15	10	10	25	15	0	15
Transport	48	14	(35)	97	72	(25)	0	(25)
Supplies and Services	220	68	(152)	440	397	(43)	(10)	(33)
Third Party	5	0	(5)	11	11	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	29	0	(29)	59	16	(43)	0	(43)
Income	6	2	(4)	12	0	(12)	0	(12)
Net Revenue Expenditure	**1,918**	**1,941**	**23**	**3,836**	**4,094**	**258**	**37**	**221**
Use of Reserves	0	0	0	0	0	0	0	0
Transfer to Reserves	0	0	0	0	0	0	0	0
Financing Requirement	**1,918**	**1,941**	**23**	**3,836**	**4,094**	**258**	**37**	**221**
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
Other Government Grants	0	0	0	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**1,918**	**1,941**	**23**	**3,836**	**4,094**	**258**	**37**	**221**

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

Comments
(Full Year Latest Forecast vs Budget)

Other Staff – overspend of £0.375m
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. While the Directorate has been managing its headcount and kept it to a minimum, delivery of the £0.3m average vacancy margin held in the budget for 2026/27 remains a challenge.

The increase in forecast and variance since that reported at Q1 reflects updated recruitment plans against key posts.

Operational staff costs reflected in YTD figures are under review for recharge to other areas and projects.

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.

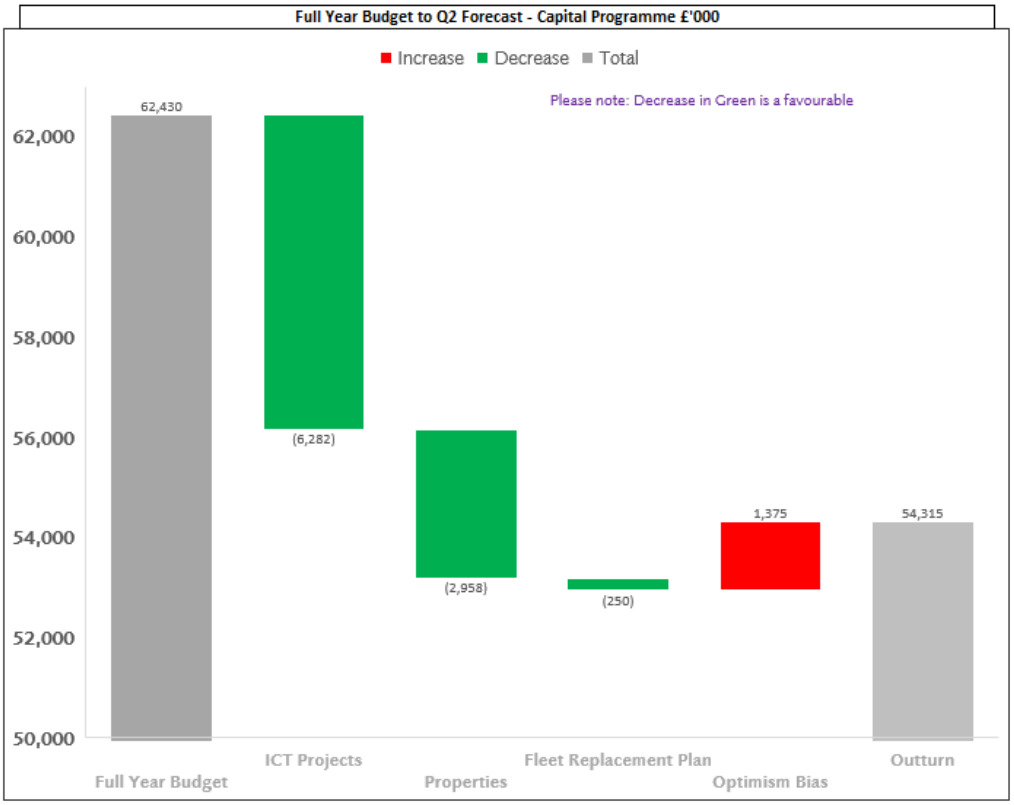
At Q2 capital programme spend of £54.3m is forecast, with the £8.1m underspend largely driven by ICT projects.

The optimism bias adjustment of £5.5m has been reduced by 25% to £4.1m, reflecting the position taken at Q1.

Capital expenditure year to date is currently significantly below forecast. While this profile of capital spend is not unusual particularly noting that some projects are only programmed to spend in the later part of the year, for example the HQ move following granting of planning permission and a signifcant milestone payment for the Replacement Mobolising Project (ICT) due in Q3, measures are being taken to ensure capital projects and spend are delivered, including close monitoring of project progress, reviewing delivery timescales and working with budget holders to identify and resolve any barriers to implementation. These actions are intended to either revise down current capital forecasts or accelerate expenditure where possible and ensure that the capital programme is delivered in line with the full-year forecast.

London Fire Commissioner Capital Summary (£'000s)						
LFC Capital (£'000s)	**Full Year Original Budget**	**Forecast Outturn at Q2**	**Variance Q2 Forecast vs Budget**	**Forecast Outturn at Q1**	**Change on Forecast Q2 vs Q1**	**Actual Year to date Spend**
ICT Projects	14,551	8,269	(6,282)	9,451	(1,182)	1,069
Properties	48,521	45,563	(2,958)	45,563	0	11,721
Fleet Replacement Plan	4,858	4,608	(250)	4,780	(172)	1,544
Optimism Bias	(5,500)	(4,125)	1,375	(4,125)	0	-
Total Capital Expenditure	**62,430**	**54,315**	**(8,115)**	**55,669**	**(1,354)**	**14,359**
Financed by:						
Reserves	0	0	0	0	0	
Capital Receipts	365	365	0	365	0	
Capital Grants	305	305	0	305	0	
Borrowing	61,760	53,645	(8,115)	54,999	(1,354)	
Total Financing	**62,430**	**54,315**	**(8,115)**	**55,669**	**(1,354)**	

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 **£54.3m** against an approved budget of **£62.43m**, resulting in an overall projected underspend of **£8.1m at Q2**.

ICT Projects - £6.28m 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 £2.0m being deferred into future years.
- **Integrated Management System (IMS)**: Expenditure of £0.63m 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 £3.65m of expenditure being deferred this year on other projects which are less time critical.

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**:*

Following the recent formal decision to grant planning application for a new Headquarters and upgraded fire station at the 8 Albert Embankment site by Lambeth Council, enabling works are now being taken forward to deliver the new Headquarters.

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 November 2026 through to early 2027.

Fleet Replacement Plan - £0.25m 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 £0.95m.

Programme-Wide Optimism Bias Adjustment

A programme-wide optimism Bias adjustment of **£5.50m** was originally applied during the budget-setting process. Following the Q2 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.

The overall forecast expenditure of £54.3m therefore reflects a reduction of £1.4m on that reported at Q1.

Section C – Further Information
Summary – Savings Update

The table below presents the current status of the additional savings agreed as part of the final LFC 2026/27 budget. 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.

Whilst there is some shortfall in forecast delivering against that planned for 2026/27, additional savings and income have been identified to offset these pressures, resulting in a surplus against the overall target. Additional information on these areas is set out within Part A of this report.

2026/27 Budget Savings Summary	2026-27 Budget £m	2026-27 Forecast £m	Risk Rating	Comments
Departmental Existing Savings (agreed in 25/26 budget)	0.9	0.9	G	departmental savings put forward in the previous budget planning round that come into effect for 2026/27
New Departmental Savings	3.5	3.5	G	new departmental savings put forward as part of the 2026/27 budget process
Cross Cutting Savings	1.8	0.8	A	includes increased savings targets for 2026/27 on existing cross-cutting areas such as Contract Reviews and Process Efficiencies Project
[A] TOTAL Budgeted Savings	**6.2**	**5.2**	**-1.0**	**£1m shortfall against planned savings**
Additional Savings In-Year:				
Wayleave Income	-	2.0	G	successful negotiation of fee to provide wayleave access to LFB premises
Utlities savings	-	1.6	G	savings delivered due to prices locked in below budget model inflation assumptions
Savings on renewal of insurance contract	-	0.7	G	result from retender exercise
[B] TOTAL Additional Savings	**-**	**4.3**	**4.3**	**£4.3m additional in-year savings generated**
[A] + [B] TOTAL Overall Savings	**6.2**	**9.5**	**3.3**	**Net £3.3m surplus against savings target for 2026/27**

The amber position on cross cutting savings reflects a £1m under delivery associated with the Process Opportunities Project (POP), which relates to timing of cashable benefits from project work that is progressing well. While some key projects have been delayed through ICT security complexities, annualised savings for those projects underway and in the pipeline are expected to deliver in full for 2027/28. In addition to cashable savings, POP has delivered a range of sustainable productivity savings from process reviews such as shut in lifts and meeting room / polydevice bookings. Introduction of a new policy for mandatory minimum leave of four weeks for all agency staff is expected to partially offset the cashable savings slippage on other POP projects and this will be further reviewed for Q3 reporting.

The 2026/27 budget includes additional Contract Review savings of £0.5m, taking the total annualised savings target on this cross-cutting theme to 2.1m. While forecasts report good progress on achieving the increased target for cashable savings against the revenue budget, additional savings have also been delivered for the capital programme and on inflation cost avoidance through contract negotiations.

In addition to the new savings set out above the LFB is also working to consolidate delivery of cross cutting savings that were agreed in prior years. This includes a £1.5m organisational wide People saving which is now not expected to deliver in-year. This £1.5m was originally part of the Vacancy Control Panel target for 2025/26 which became harder to deliver over time as teams restructured and efficiencies were delivered, so was reallocated to a broader, organisational wide People Saving. This is being revisited as part of the 2027/28 budget process.

Summary – Reserves Position Update (1/2)

The 31 March 2027 forecast balance on Reserves at September 2026 is £43.97m, a £5.0m reduction on the opening balance at March 2026.

General Reserve

The 31 March 2027 forecast balance on the General Reserve at September 2026 is forecast at £23.29m, which is above the 3.5 per cent of Mayoral funding (£20.7m) planned to be held over the medium term under the reserves policy.

General Reserve	Amount £'000
2026/27 Opening Balance on General Reserve	25,026
2026/27 MTFS Planned Top-up	2,500
2026/27 Proposed Transfer Between Reserves	-1,000
Forecast Overspend at Q2	-3,230
Q2 Forecast balance on General Reserve at 31 March 2027	**23,296**

Forecast balance on General Reserve at March 2027 reported at Q1	**25,228**

Change since Q1 Forecast	**-1,932**

Budget Flexibility Reserve (BFR)

The Budget Flexibility Reserve was fully committed in 2025/26 to support projects relating to new systems, including the new HR and Payroll system. Costs incurred to March 2026 were absorbed within departmental budgets and it is therefore likely that the residual balance on the BFR can be released to the General Reserve. To inform that, further review of residual project costs is underway in advance of Q3 reporting.

Budget Flexibility Reserve	Amount £'000
2026/27 Opening Balance on BFR	795
Approved Use of Reserve - new systems	-795
Uncommitted Balance on BFR at March 2027	**0**

Earmarked Reserves

The 31 March 2027 forecast balance on earmarked reserves at September 2026 is £20.7m, a reduction of £3.3m on the opening position. £1.09m of this relates to approved carry forwards from previous years supporting specific projects and strategic priorities.

The table below summaries all earmarked reserves balances.

Summary – Reserves Position Update (2/2)

		Forecast Included in Q2 Figures			Current Full Year Forecast for 2026/27		Movement on 2026/27 Budget Plan	
LFB Reserves £'000	**Balance at 01/04/26**	**Move Between Reserves**	**Reserve Movements in Forecast**	**Balance at 30/09/26**	**Full Year Forecasted Use of Reserves (inc Tfers)**	**Forecast Balance at 31/03/27**	**Balance as at 31/03/27 as per Budget Plan**	**YE Balance Movement Q2 Forecast v Budget Plan**
Building Safety Regulator	1,963			1,963		1,963	1,963	0
Fire Safety and Youth Engagement	4,978			4,978		4,978	4,500	478
Fire Safety Improvement	10,067	1,000		11,067	280	10,347	7,000	4,067
Community Risk Management Plan	53			53		53		53
ICT Development Reserve	503			503	(400)	103	400	103
Recruitment Reserve	742			742	(300)	442		742
Communications	80			80		80		80
LRAP	976			976	(976)	0		976
Pension Earmarked Reserve	320			320		320		320
Investment Carry Forward	3,484		(714)	2,770	(1,094)	2,390		2,770
Budget Flexibility	795			795	(795)	0		795
TOTAL Earmarked Reserves	**23,962**	**1,000**	**(714)**	**24,248**	**(3,285)**	**20,677**	**13,863**	**10,385**
General Reserve	25,026	(1,000)	(730)	23,296	(1,730)	23,296	16,400	6,896
TOTAL Reserves	**48,988**	**0**	**(1,444)**	**47,544**	**(5,015)**	**43,973**	**30,263**	**17,281**

Summary – Revenue Budget Movements Update (1/1)

The table below sets out the total movement in budget from that reported at Q1, with further breakdown of key movements within that.

LFC Revenue (£'000s)	Revised Budget at Q1	Revised Budget at Q2	Total Change from Q1	Explained by: Budget Loaded for Expected Use of Carry Forward Reserve	Correction of Coding on 2026/27 Investment Item	Other Budget Corrections / Approved Changes under Delegated Authority	Total Change from Q1
Staff	527,609	528,501	892		800	92	892
Premises	53,753	53,693	(60)			(60)	(60)
Transport	21,396	21,396	0				0
Supplies and Services	39,263	39,116	(147)	714	(800)	(61)	(147)
Third Party	2,704	2,704	0				0
Capital Financing	23,868	23,868	0				0
Income	(65,272)	(65,243)	29			29	29
Net Revenue Expenditure	**603,321**	**604,035**	**714**	**714**	**0**		**714**
Use of Reserves	0	(714)	(714)	(714)			(714)
Transfer to Reserves	2,500	2,500	0	0			0
Financing Requirement	**605,821**	**605,821**	**(0)**	**0**	**0**		**(0)**
Financed by:							
Specific Grants	(32,221)	(32,221)	0				0
GLA Funding	(573,600)	(573,600)	0				0
Net Financial Position (Forecast Outturn)	**0**	**(0)**	**(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 Q2 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 Revised Budget £m	2026/27 Forecast £m	Variance £m
Staff costs	528.5	537.8	9.3
Premises costs	53.7	52.1	-1.5
Transport costs	21.4	22.5	1.1
Supplies and Services	39.1	41.5	2.4
Third party payments	2.7	2.8	0.1
Capital financing costs	23.9	20.5	-3.3
Total gross expenditure	**669.2**	**677.3**	**7.9**
Sales, fees and charges	-63.7	-68.6	-4.9
Specific grants	-32.2	-32.5	-0.3
Interest receivable	-1.5	-1.1	0.4
Total gross income	**-97.5**	**-102.2**	**-4.7**
Net expenditure	**571.7**	**575.1**	**3.3**
Transfer from / to reserves	1.8	-1.4	-3.2
GLA Funding	**573.5**	**573.7**	**0.0**

Objective Analysis	2026/27 Revised Budget £m	2026/27 Forecast £m	Variance £m
Corporate Services	81.9	83.0	1.1
Preparedness & Response	418.6	422.6	4.0
People	7.8	9.2	1.4
Prevention, Protection and Policy	40.2	36.6	-3.5
Communications	3.8	4.1	0.3
Net Service Expenditure	**552.4**	**555.6**	**3.2**
Capital Financing Costs	23.9	20.5	-3.3
External Interest Receipts	-1.5	-1.1	0.4
Net Expenditure	**574.7**	**575.0**	**0.3**
Transfer to/(from) reserves	-1.1	-1.4	-0.3
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 September 2026. It should be noted that this does not include unallocated cash and credit notes.

Outstanding debt over 30 days is currently at £3,093,062. This has increased from £2,723,588 as at the end of Quarter 1 and remains under review.

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

Debt Age	Amount £	Number of Items
0-30 days	173,805.36	34
30-60 days	55,828.00	120
60-90 days	265,340.39	94
90-120 days	87,597.00	43
120-365 days	1,287,237.95	682
1-2 years	1,023,213.32	665
over 2 years	373,845.38	201
Grand Total	**3,266,867.40**	**1,839**

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				Inflation Operational Budget Volatility	
	3			Telecommunications Income Cost of Borrowing Capital Rephasing TFF recoursing Replacement Vehicles & Equipment Vehicle Contract & Accident Claims	New Unfunded Pressures Building Rates Review Legal / Compensation Claims Recovery of costs incurred supporting other FRS / National Resilience	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 extreme weather and the local impact of global events has seen a considerable rise in costs over the summer months. As we are past the summer months, the risk over the remining part of the financial year should be lower, however this remains under review as the Brigade is susceptible a range of pressures including impact of geopolitical tensions.
- **Recovery of National Resilience Costs –** forecast assumptions have been made on recovery of £0.7m of staffing costs incurred supporting other FRS / National Resilience over the summer with wildfires, however recovery method and national funding approach remains under review.
- **Inflation** – the Iran War is continuing to have an impact on inflation and contracts that may result in additional cost pressures.
- **Legal / Compensation Claims -** the timing and nature of claims, particularly for personal injury, is inherently uncertain but General Counsel and Finance colleagues are working jointly to review the forecasting approach in-year and inform longer term budget modelling.
- **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 year's implementation has the potential to impact data used for forecast modelling, particularly for non-staff costs.
- **New HR & Payroll system** – transition areas following last year's implementation has the potential to impact data used for forecast modelling, particularly for staff costs.

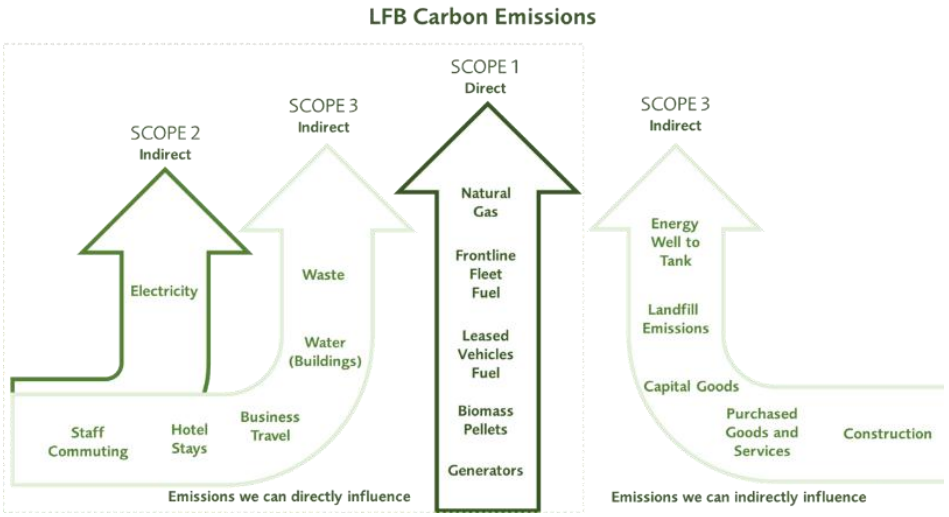
Summary – Climate Budget Reporting

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'.

Overview
Following extensive public consultation LFC published the Community Risk Management Plan (CRMP) in 2022 (which came into force on 1 January 2023). This confirms the LFC commitment to reducing impact on the environment and stated the target of aiming to reach net zero carbon by 2030. LFC defines net zero as 'When the amount of carbon dioxide emissions associated with …. operational energy on an annual basis is zero or negative'. A net zero carbon building is highly energy efficient and powered from on-site and/or off-site renewable energy sources, with any remaining carbon balance offset .

Baseline Period
The baseline for total Carbon emissions is key to establish the starting point from which ongoing success will be measured. To align with LFC financial reporting, this has been selected as April 2020 to March 2021.

Emissions Scope
This report will cover CO2 emissions from the following scopes in accordance with methodologies laid out in the Greenhouse Gas Protocol, this is detailed in the scope diagram below.



Scope 1 – All direct emissions from the activities of London Fire Brigade or under our control.
Emissions included from the following inputs make up the total Scope 1 direct emissions for LFC:

- Natural Gas
  - Building consumption
- Other Heating fuels
  - Biomass pellets
- Petrol and Diesel fuel consumption from company owned non-electric vehicles
  - Including all road transport, appliances, and boats
- Diesel Generator Data - not available
  - No data is currently available, so this has been estimated based on allowing for a typical monthly test run on a generator
- Fugitive Emission Data – not available
  - No data is currently available, so this has been estimated based on the assumption of around 60g of R410A leakage per year for all sites with air conditioning units and the possibility of a major leak of around 5kg per year.

Scope 2 – Indirect emissions from electricity purchased and used by London Fire Brigade or under their control.
Emissions included from the following inputs make up the total Scope 2 indirect emissions for LFC:
Electricity Consumption from:

- Building consumption
- On-site Electric Vehicle (EV) charging from LFC owned charge points
- Off-site EV charging from 3rd party owned public charge points.

The quarterly RAG status on the two KPIs for Q2 is provided below:

Overall assessment of progress against Climate Budget	**Quarterly RAG rating**	
	Q1	**Q2**
Progress against funded climate measures	Green	Amber
Progress against unfunded climate measures	Red	Red

Funded climate measures – Amber
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 2027.

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 as these projects are part funded from internal funding and are subject to a department of Transport and OZEV depot charging grant award.

