



LONDON FIRE BRIGADE

Finance Report

Quarter 1, 2025/26

Financial Position as at 30 June 2025

Table of Contents	Page
Introduction and Background	3
<u>Section A – Revenue Budget</u>	
LFC Revenue Summary – Main Table & Charts	4
LFC Revenue Summary – Key Variances	5 – 7
LFC Revenue Summary – Net Financial Position by Directorate	8
LFC Directorate of Preparedness and Response	9 – 10
LFC Directorate of Prevention, Protection and Policy	11 – 12
LFC Directorate of Corporate Services	13 – 14
LFC Directorate of People	15 – 16
LFC Directorate of Transformation	17 – 18
LFC Directorate of Communications	19 – 20
<u>Section B – Capital Budget</u>	
LFC Capital Summary – Main Table & Charts	21
LFC Capital Summary – Key Variances	22 – 23
<u>Section C – Further Information</u>	
Summary – Savings Update	24 – 25
Summary – Reserves Position Update	26 – 27
Summary – Budget Movements Update	28
Summary – Mayor’s Consolidated Budget Reporting Tables	29
Summary – Key Performance Indicators (Aged Debt) Update	30
Summary – Risks to the Financial Position Update	31
Summary – Climate Budget Update	32

Introduction and background

This report presents the financial position and forecast outturn for the 2025/26 financial year, as at the end of June 2025 (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 2024/25

The Draft Statement of Accounts for 2024/25 was approved by the Chief Finance Officer (Director of Corporate Services) to meet the end of June 2025 deadline and published. External audit review is due to commence in mid-August, with audit opinion planned for sign off in November 2025.

Mayor's Budget for 2025/26

The Mayor of London published his Budget Guidance for 2025/26 in July 2024, which set out provisional funding levels for the LFC over a three-year period from 2025/26 to 2027/28. The LFC's Budget Submission to the Mayor addressing the requirements set out in the Guidance was approved by the required deadline, and subsequently the final budget approved by the LFC in March 2025. This report provides updated forecast and monitoring information against that approved budget.

Mayor's Budget for 2026/27

The Mayor's Budget Guidance for 2026/27 was published in July 2025, with work underway to deliver a draft budget submission to the Mayor by 21 November 2025. The Budget Guidance recognised the economic context and uncertainty against which financial planning is being undertaken, with the future of the GLA's government funding settlement unlikely to be resolved until late in 2025.

Implementation of New Finance & Purchasing System

The LFC successfully implemented a new Finance and Purchasing system from 1st April 2025, replacing existing systems that were 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 have been experienced, and data underpinning the first quarterly reporting from the new system remains under close review.

Section A

LFC 2025/26 Revenue Summary Main Table

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

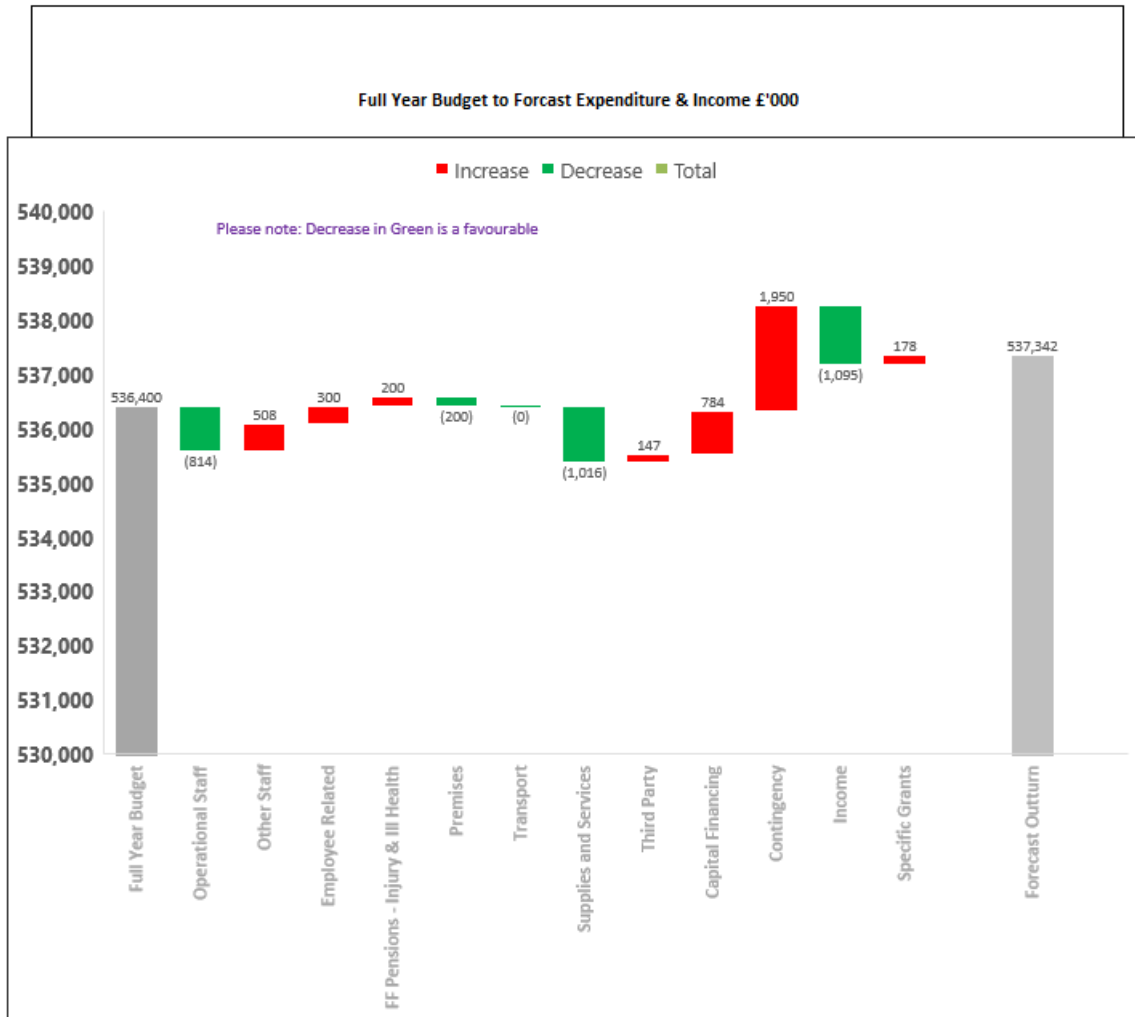
The forecast outturn at 30 June 2025 reports a projected overspend of £942k for the 2025/26 financial year. This is largely being driven by pay inflation above that assumed at the time of budget setting.

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 Outturn at Q1	Variance Forecast Outturn vs Revised Budget at Q1
Operational Staff	91,199	90,724	(474)	364,795	363,981	(814)
Other Staff	18,615	21,347	2,732	74,459	74,967	508
Employee Related	8,286	8,769	482	33,146	33,446	300
Firefighter Pensions - Injury & Ill Health	5,899	0	(5,899)	23,598	23,798	200
Premises	12,690	11,709	(981)	50,760	50,560	(200)
Transport	4,929	4,228	(700)	19,715	19,715	(0)
Supplies and Services	10,533	11,089	556	43,305	42,289	(1,016)
Third Party	415	148	(268)	1,661	1,808	147
Capital Financing	4,369	0	(4,369)	17,477	18,261	784
Contingency	1,517	0	(1,517)	6,066	8,016	1,950
Income	(14,072)	(1,322)	12,750	(56,288)	(57,383)	(1,095)
Net Revenue Expenditure	144,380	146,693	2,313	578,693	579,457	764
Use of Reserves	(4,125)	0	4,125	(16,500)	(16,500)	0
Financing Requirement	140,255	146,693	6,438	562,193	562,957	764
Financed by:						
Specific Grants	(6,448)	0	6,448	(25,793)	(25,615)	178
GLA Funding	(134,100)	0	134,100	(536,400)	(536,400)	0
Net Financial Position (Forecast Outturn)	(293)	146,693	146,986	0	942	942

* YTD Variances – implementation of the new finance and purchasing system from the 1 April 2025, and resultant mapping and reconciliation from legacy systems, has led to some delay in postings around income and pensions which will be resolved for Q2.

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 2025 shows a projected net overspend (after reserves and grants) of £942k.

Operational Staff - underspend of £814k

The underspend largely driven by vacancies within Prevention, Protection & Policy (Fire Safety Delivery). This is due to a skills shortage across the sector with measures continued to be taken to address this.

The overall Operational Staff forecast within Preparedness & Response remains largely on budget, reflecting a much improved position on the overspend experienced in previous years. Pre-arranged overtime within Fire Stations is currently forecast to be £2m below that experienced during 2024/25, and while this is tracking slightly above the 2025/26 budget plans in the first quarter of the year, this is being offset by underspend associated with current and projected vacancy levels.

Other Staff (including FRS and Control Staff groups) – overspend of £508k

The overspend is largely driven by FRS staff within Corporate Services (£402k) and People Services (106k), including posts required to provide stability through high levels of organisational change and agency staff covering essential but hard to recruit to established posts such as in Finance.

Employee Related - overspend of £300k

The overspend relates to pressures associated with the training contract within Learning & Professional Development, largely driven by £1m targeted reduction on indexation costs where negotiations have now concluded without any reduction.

Firefighter Pensions: Injury & Ill-health - overspend of £200k

The overspend reflects additional costs associated with injury and ill-health retirements, which are forecast to increase beyond that projected at time of budget setting.

Premises - underspend of £200k

The underspend largely relates to rates on energy costs within Property & Technical Service and Support (TSS) reducing below that anticipated at the time of budget setting.

Supplies and Services - underspend of £1m

The underspend relates to Corporate Services and is largely driven by reduction on Airwave costs within Information & Communication Technology of £650k. In addition, costs within General Counsel for handling of historical complaints are forecast to be £222k below budget.

Capital Financing - overspend of £784k

The overspend relates to higher 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 and is largely offset by higher than budgeted investment income, see below.

Comments

Full Year Latest Forecast vs Budget

Contingency – overspend of £1.95m

This overspend is partially driven by anticipated pressure from pay awards of £1,000k in 2025/26. In addition, slippage is forecast on cross cutting savings held centrally within Corporate Services, including data management review (£450k) and process efficiencies (£500k). Work continues to ensure that savings are maximised, and alternative options identified where required.

Income – over recovery £1.1m

This over recovery relates to Corporate Services and is largely driven by higher than budgeted investment income on cash balances of £710k. See offsetting short-term borrowing variance above. In addition, higher than budgeted telecoms income within Property & TSS is anticipated due to slippage on timing of new lease changes.

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 £942k forecast overspend largely reflects additional pay inflation costs currently held within Central Finance in Corporate Services.

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	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q1	Variance Forecast Outturn vs Revised Budget at Q1
Preparedness and Response (P&R)	97,011	102,497	5,486	388,044	388,498	454
Prevention, Protection and Policy	10,364	10,803	439	43,000	42,210	(791)
Corporate Services	22,609	28,890	6,281	90,062	91,233	1,171
People	2,021	1,807	(214)	8,085	8,192	107
Transformation	918	1,742	824	3,672	3,672	0
Communications	884	955	71	3,536	3,536	0
Total	133,807	146,693	12,886	536,400	537,342	942

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.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q1	Outturn vs Revised Budget at Q1
Operational Staff	86,752	86,405	(347)	347,008	346,984	(24)
Other Staff	3,895	4,205	310	15,581	15,581	0
Employee Related	6,027	7,113	1,086	24,108	24,408	300
Pensions	0	0	0	0	0	0
Premises	38	3,904	3,866	152	152	0
Transport	506	527	21	2,025	2,025	0
Supplies and Services	923	343	(580)	3,691	3,691	0
Third Party	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0
Contingency	(409)	0	409	(1,638)	(1,638)	0
Income	(676)	0	676	(2,705)	(2,705)	0
Net Revenue Expenditure	97,056	102,497	5,441	388,222	388,498	276
Use of Reserves	0	0	0	0	0	0
Financing Requirement	97,056	102,497	5,441	388,222	388,498	276
Financed by:						
Specific Grants	(44)	0	44	(178)	0	178
Net Financial Position	97,011	102,497	5,486	388,044	388,498	454

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

Comments
Full Year Latest Forecast vs Budget

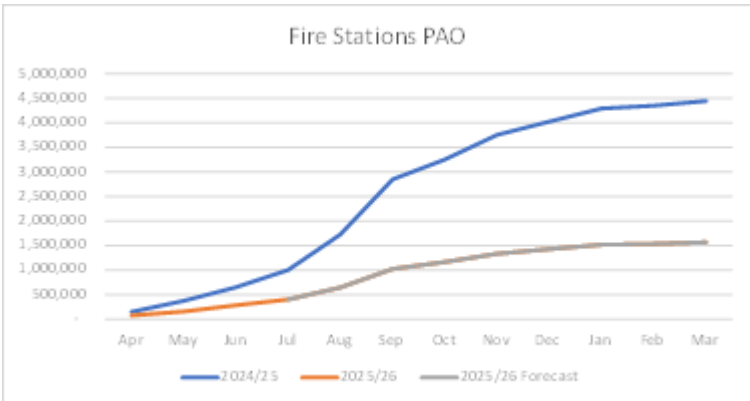
Operational Staff – underspend of £24k

No material variance is forecast overall, reflecting a much improved position on the overspend experienced in previous years.

Total operational overtime within Fire Stations is currently forecast at £6.98m for the year, against a budget of £5.6m. The forecast reflects a reduction of £2.3m on that experienced in 2024/25.

While total overtime is tracking above the 2025/26 budget plans in the first quarter of the year, this is being offset by underspend associated with current and projected vacancy levels.

Pre-arranged overtime (PAO) is currently forecast at £1.57m for the year, a reduction of £2.9m on that experienced during 2024/25. PAO spend of £282k during Q1 is a 56% reduction on the same period last year reflecting the impact of a range of management actions including a focus on long term sickness. Work continues to maintain control of overtime over the traditionally high summer months with regular reporting to Establishment Board to review effectiveness.



Employee Related – overspend of £300k

The overspend relates to pressures associated with the training contract within Learning & Professional Development, partly driven by £1m targeted reduction on indexation.

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.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q1	Variance Forecast Outturn vs Revised Budget at Q1
Operational Staff	3,610	3,043	(567)	14,439	13,648	(791)
Other Staff	5,082	6,092	1,009	20,329	20,329	0
Employee Related	670	951	282	2,679	2,679	0
Pensions	0	0	0	0	0	0
Premises	31	73	43	122	122	0
Transport	64	78	14	255	255	0
Supplies and Services	1,690	576	(1,114)	8,307	8,307	0
Third Party	13	0	(13)	53	53	0
Capital Financing	0	0	0	0	0	0
Contingency	(624)	0	624	(2,495)	(2,495)	0
Income	(172)	(11)	161	(690)	(690)	0
Net Revenue	10,364	10,803	439	43,000	42,210	(791)
Expenditure	10,364	10,803	439	43,000	42,210	(791)
Use of Reserves	0	0	0	0	0	0
Financing Requirement	10,364	10,803	439	43,000	42,210	(791)
Financed by:						
Specific Grants	0	0	0	0	0	0
Net Financial Position	10,364	10,803	439	43,000	42,210	(791)

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

Comments
(Full Year Latest Forecast vs Budget)

Operational Staff – underspend of £791k

The underspend is largely driven by vacancies within Fire Safety Delivery. This is due to a skills shortage across the sector with measures continuing to be taken to address this.

While no other material variances are identified at this early stage of the year, figures remain under review, including the baselining of planned budget savings currently held in contingency, and in-year use of ring-fenced grants.

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, Property Services and Technical & Service Support.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q1	Variance Forecast Outturn vs Revised Budget at Q1
Operational Staff	264	791	528	1,054	1,054	0
Other Staff	6,472	7,297	825	25,889	26,291	402
Employee Related	1,428	576	(852)	5,712	5,712	0
Pensions	5,899	0	(5,899)	23,598	23,798	200
Premises	12,619	7,731	(4,888)	50,476	50,276	(200)
Transport	4,307	3,606	(700)	17,226	17,226	(0)
Supplies and Services	7,742	10,024	2,283	30,594	29,577	(1,017)
Third Party	399	148	(252)	1,597	1,744	147
Capital Financing	4,369	0	(4,369)	17,477	18,261	784
Contingency	2,865	0	(2,865)	11,460	13,410	1,950
Income	(13,226)	(1,284)	11,942	(52,905)	(54,000)	(1,095)
Net Revenue Expenditure	33,138	28,890	(4,248)	132,178	133,349	1,171
Use of Reserves	(4,125)	0	4,125	(16,500)	(16,500)	0
Financing Requirement	29,013	28,890	(123)	115,678	116,849	1,171
Financed by:						
Specific Grants	(6,404)	0	6,404	(25,615)	(25,615)	0
Net Financial Position	22,609	28,890	6,281	90,062	91,233	1,171

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

Comments (Full Year Latest Forecast vs Budget)

Other Staff – overspend of £402k

The overspend is largely driven by FRS staff, including posts require to provide stability through high level of organisational change and agency staff covering essential but hard to recruit to established posts such as in Finance.

Firefighter Pensions: Injury & Ill-health - overspend of £200k

The overspend reflects additional costs associated with injury and ill-health retirements, which are forecast to increase beyond that projected at time of budget setting.

Premises – underspend of £200k

The underspend largely relates to rates on energy costs within Property & Technical Service and Support (TSS) reducing below that anticipated at the time of budget setting.

Supplies & Services – underspend of £1,017k

The underspend is largely driven by reduction on Airwave costs within Information & Communication Technology of £650k. In addition, costs within General Counsel for handling of historical complaints are forecast to be £222k below budget.

Capital Financing – overspend of £784k

The overspend relates to higher 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 and is largely offset by higher than budgeted investment income, see below.

Contingency – overspend of £1,171k

This overspend is partially driven by anticipated pressure from pay awards of £1,000k in 2025/26. In addition, slippage is forecast on cross cutting savings held centrally within Corporate Services, including data management review (£450k) and process efficiencies (£500k). Work continues to ensure that savings are maximised, and alternative options identified where required.

Income – over recovery of £1,095k

This over recovery is largely driven by higher than budgeted investment income on cash balances of £710k. See offsetting short-term borrowing variance above.

In addition, higher than budgeted telecoms income within Property & TSS is anticipated due to slippage on timing of new lease changes.

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.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q1	Variance Forecast Outturn vs Revised Budget at Q1
Operational Staff	249	214	(34)	995	995	0
Other Staff	1,593	1,487	(106)	6,374	6,480	106
Employee Related	136	67	(68)	543	543	0
Pensions	0	0	0	0	0	0
Premises	0	0	0	0	0	0
Transport	25	11	(14)	101	101	0
Supplies and Services	13	53	40	53	54	1
Third Party	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0
Contingency	5	0	(5)	19	19	0
Income	0	(27)	(27)	0	0	0
Net Revenue Expenditure	2,021	1,807	(214)	8,085	8,192	107
Use of Reserves	0	0	0	0	0	0
Financing Requirement	2,021	1,807	(214)	8,085	8,192	107
Financed by:						
Specific Grants	0	0	0	0	0	0
Net Financial Position	2,021	1,807	(214)	8,085	8,192	107

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

Comments (Full Year Latest Forecast vs Budget)
<p>Other Staff – overspend of £106k</p> <p>The overspend is being driven by agency staff covering permanent roles within Employee Lifecycle and Inclusion Teams. Opportunities to reduce costs later in the year to deliver within budget are being explored, and an update will be provided at Q2.</p> <p>No other material variances have been identified at Q1.</p>

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

The **Directorate for Transformation** exists to lead positive change and help shape the future of the Brigade. It provides efficient services and processes across the organisation that better enable the delivery of change and achievement of the ambition in the Community Risk Management Plan. Those services include enterprise risk management and assurance, performance management, portfolio and change management, external compliance and strategic planning. Its focus is on enabling staff to deliver the transformation commitments to ensure safety for the community, colleagues and future residents of London. It is normal for Transformation Directorates to be required for phases of significant organisational change and LFB is now moving towards a steadier footing. Therefore, in June 2025, as part of organisational changes the Directorate was closed and the functions were transferred to other Directorates.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q1	Variance Forecast Outturn vs Revised Budget at Q1
Operational Staff	325	271	(54)	1,299	1,299	0
Other Staff	827	1,389	562	3,308	3,308	0
Employee Related	14	21	7	58	58	0
Pensions	0	0	0	0	0	0
Premises	0	0	0	0	0	0
Transport	3	4	1	12	12	0
Supplies and Services	55	57	2	220	220	0
Third Party	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0
Contingency	(306)	0	306	(1,225)	(1,225)	0
Income	0	0	0	0	0	0
Net Revenue Expenditure	918	1,742	824	3,672	3,672	0
Use of Reserves	0	0	0	0	0	0
Financing Requirement	918	1,742	824	3,672	3,672	0
Financed by:						
Specific Grants	0	0	0	0	0	0
Net Financial Position	918	1,742	824	3,672	3,672	0

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

Comments (Full Year Latest Forecast vs Budget)

It is normal for Transformation Directorates to be required for phases of significant organisational change and LFB is now moving towards a steadier footing. Therefore, in June 2025, as part of organisational changes the Directorate was closed and the functions were transferred to other Directorates. The associated structure and budget changes associated with this are being worked through and will be updated within Q2 reporting.

From June 2025, the following Transformation directorate teams were redeployed:

- Risk and Assurance, Portfolio and Strategic Planning to the Prevention, Protection & Policy Directorate.
- Performance Improvement and Business Intelligence to Corporate Services.
- Culture change work moved to People Services.

Of those budgets transferring to other Directorates, no material variance has been identified at Q1.

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.

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q1	Variance Forecast Outturn vs Revised Budget at Q1
Operational Staff	0	0	0	0	0	0
Other Staff	744	877	132	2,978	2,978	0
Employee Related	11	40	29	45	45	0
Pensions	0	0	0	0	0	0
Premises	2	0	(2)	10	10	0
Transport	24	3	(22)	97	97	0
Supplies and Services	110	35	(75)	440	440	0
Third Party	3	0	(3)	11	11	0
Capital Financing	0	0	0	0	0	0
Contingency	(14)	0	14	(55)	(55)	0
Income	3	0	(3)	12	12	0
Net Revenue Expenditure	884	955	71	3,536	3,536	0
Use of Reserves	0	0	0	0	0	0
Financing Requirement	884	955	71	3,536	3,536	0
Financed by:						
Specific Grants	0	0	0	0	0	0
Net Financial Position	884	955	71	3,536	3,536	0

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

Comments (Full Year Latest Forecast vs Budget)
<p>At Q1 no material variances have been identified for the Communications Directorate.</p> <p>The YTD variance, particularly in relation to Other Staff, is under review for Q2 and includes the timing of delivery of Vacancy Margin applied to Directorate budgets.</p>

Section B

LFC Capital Summary Main Table

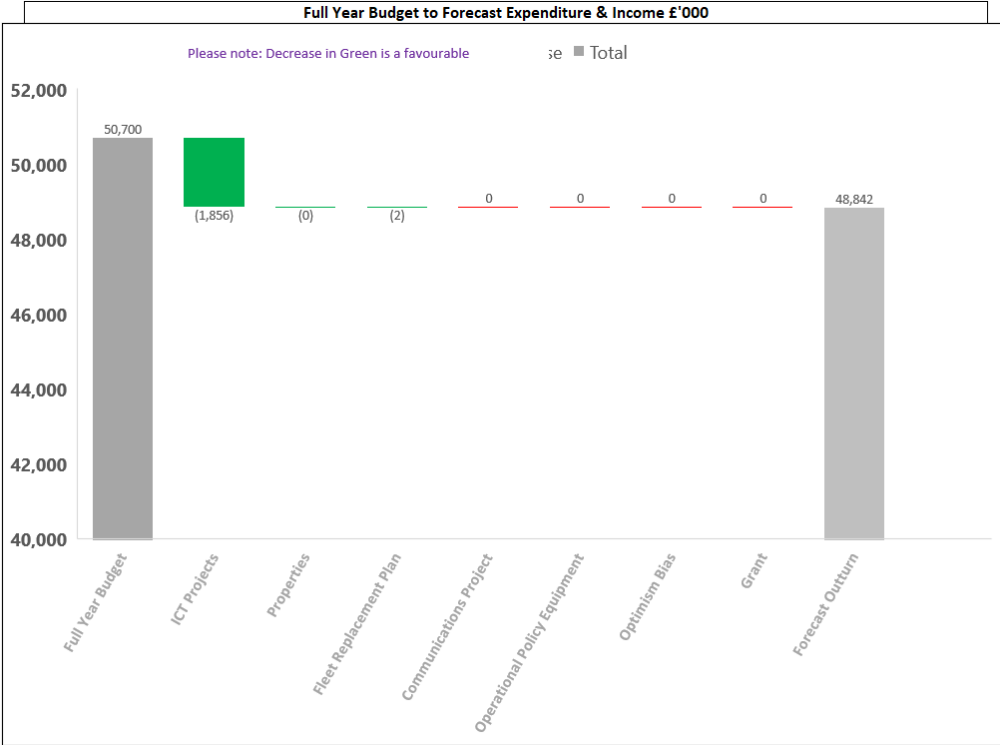
The Capital Budget for the current financial year was set at £50.7m and was approved as part of the Final Budget 2025/26 (LFC-25-026). This budget included a £5.6m optimism bias reduction, reflecting experience from previous years.

At Q1 capital programme spend of £48.8m is forecast, with the resultant £1.8m underspend largely driven by the reclassification of the ICT project 'Operational Risk Database' as revenue expenditure, alongside revised phasing across a variety of projects.

It should also be noted that actual spend to date is not currently available due to system reporting issues that we are seeking to address in time for Q2 reporting.

London Fire Commissioner Capital Summary (£'000s)					
LFC Capital (£'000s)	Full Year Original Budget	Forecast Outturn at Q1	Variance on Latest Forecast vs Revised Budget	Actual Year to date Spend	Percentage of Budget
ICT Projects	11,823	9,967	(1,856)	tbc	-
Properties	41,731	41,731	(0)	tbc	-
Fleet Replacement Plan	1,736	1,734	(2)	tbc	-
Communications Project	300	300	0	tbc	-
Operational Policy Equipment	743	743	0	tbc	-
Optimism Bias	(5,633)	(5,633)	0		
Total Capital Expenditure	50,700	48,842	(1,858)	tbc	-
Financed by:					
Reserves	0	0	0		
Capital Receipts	0	0	0		
Capital Grants	618	618	0		
Borrowing	50,082	48,224	(1,858)		
Total Financing	50,700	48,842	(1,858)		

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



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

Comments

Full Year Latest Forecast vs Budget

Overall, expenditure of £48.8m is reported on the capital programme against the original approved budget of £50.7m, a reduction of £1.85m.

ICT Projects – forecast underspend of £1.8m

This variance is mainly driven by the reclassification of the Operational Risk Database project as revenue expenditure resulting in an in-year capital underspend of £1.3m. The revenue costs have already been factored into the revenue budget.

In addition, the following projects have been reprofiled to future years to better manage non-essential replacement spend:

- £500k Appliance Workload Application
- £478k Incident Management System (IMS)
- £293k Data Centre Switches

This is partially offset by the following projects brought forward from 2024/25:

- £610k Virtual Machine (VM) Server Environment Hosts
- £141k Mobile Data Terminals Replacement

Property Project – no overall material variances identified at Q1

Fleet Replacement Plan – no overall material variances identified at Q1

Operational Policy Equipment – no overall material variances identified at Q1

Programme wide optimism – a programme wide adjustment was applied at the time of budget setting of £5.6m. This remains held in the forecast at Q1 and will be kept under review as the year progresses.

Section C – Further Information

Summary – Savings Update

The table below presents the current status of savings agreed as part of the budget 2025/26. 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.

Savings	2025/26 £m	Risk Rating	Comments
Existing Departmental Savings	5.5	G	These are savings put forward by departments in the previous year's budget planning round that come into effect from 2025/26
New Departmental Savings (initial)	4.5	G	These are new savings put forward by departments as part of the 2025/26 budget process
Additional Departmental Savings 2025/26	5.6	G	These are additional savings put forward by Directors, mostly staff related but also include some non-staff savings
Cross Cutting Savings, including:			
Vacancy Control Panel (£3m)	3.0	G	
Reduction in operational overtime through measures including lower sickness levels (£3m)	3.0	A	
Contracts Review (£2m)	2.0	G	
Process Opportunities Project (£1m)	1.0	R	
Data Provision (£0.6m)	0.6	R	
Reduction in Training Inflation	1.1	A	This relates to a target reduction in Training Contract costs
Net reduction against previous assumptions in CRMP programme	1.9	G	This follows assessment and prioritisation through the Performance, Risk and Assurance Board of programme budgets in 2025/26.
Total Savings	28.2		

The two amber-rated workstreams are overtime and training inflation.

- Overtime workstream reflects the fact that long-term sickness (fire stations), whilst improving, still presents challenges. In addition, operational incidents, including wildfires exert upward pressure on PAO.
- Training Inflation workstream reflects that there are unlikely to be reductions in indexation but other reductions in that area are possible.

The two red-rated workstreams are Data Provision and the Process Opportunities Project (POP):

- Data Provision: part of the organisational change proposals but limited to HR Data & Insights at this stage. Based on the experience and outcome of this proposed change, further Brigade-wide proposals will follow. The workstream will achieve £0.1m (against £0.6m assumed) in FY25-26.
- Process Opportunities Project (POP): reset under a new sponsor. Several new initiatives have been identified and are at the business case stage with delivery planned for Q3. There are significant savings in the pipeline but delays from the start of the year mean that POP is unlikely to achieve more than £0.5m savings (against £1m assumed) in FY25-26.

Summary – Reserves Position Update (1/2)

The balance on Reserves at March 2026 is forecast at £32.4m, a movement of £19.9m against the opening balance at March 2025 of £52.3m.

The revised forecast balance at March 2026 is an increase of £3.6m on the £28.8m set out in the Final Budget 2025/26 (LFC-25-026). Total net use of reserves in-year has increased by £3.4m on that set out within the budget report, with the remaining off-set change being as a result of opening balances on earmarked reserves being higher than that forecast at the time of budget setting.

General Reserve

The balance on the General Reserve at March 2026 is forecast at £15.2m, which is below the 3.5 per cent of Mayoral funding (of £18.8m) planned to be held over the medium term under the reserves policy.

Reduced General Reserve balances was expected at the time of budget setting with this reflecting upfront staff restructuring costs during 2025/26 in order to deliver sustainable savings. Balances are planned to be replenished in 2026/27 to a level equal to 3.5 per cent.

General Reserve	Amount £'000
2025/26 Opening Balance on General Reserve	14,442
2025/26 MTFS Planned Top-up	1,700
Forecast Overspend at Q1	-942
Q1 Forecast balance on General Reserve at March 2026	15,200

Budget Flexibility Reserve (BFR)

The BFR is currently forecast to be fully utilised by March 2026, with the small balance remaining reflecting timing of project spend rephased from 2024/25 as below:

Budget Flexibility Reserve		Amount £'000
2025/26 Opening Balance on BFR		795
Approved Use of Reserve - Forecast	HR & Payroll System	-465
	People Services – Phase 1 [balance]	-330
Uncommitted Balance on BFR at March 2026		0

Earmarked Reserves

The balance on earmarked reserves at March 2026 is forecast at £17.2m, a net movement of £20.7m against the opening balance of £37.9m. The table below summaries movements on all reserves.

Any new service demands identified in-year will require careful prioritisation given the Budget Flexibility Reserve (BFR) is fully committed.

Summary – Reserves Position Update (2/2)

	Balance at 01/04/25	Forecast included in Q1 Figures		Current Full Year Forecast for 2025/26		Movement on 2025/26 Budget Plan		Movement on 2025/26 Budget Plan	
		Reserve Movements	Balance at 30/06/25	Full Year Forecasted use of Reserves	Forecasted Balance at 31/03/26	Full Year Forecast as per Budget Plan	Q1 Forecast Movement on Budget Plan	Balance as at 31/03/26 as per Budget Plan	Q1 Forecast Movement on Budget Plan
LFB Reserves £'000									
Building Safety Regulator	1,956		1,956		1,956		0	1,700	256
Fire Safety and Youth Engagement	6,566	(1,500)	5,066	(1,500)	5,066	(1,500)	0	2,900	2,166
London Resilience	819	(559)	260	(559)	260	(559)	0	260	0
LFB Museum Project	80	(80)	0	(80)	0	(80)	0		0
Fire Safety Improvement	17,785	(10,400)	7,385	(10,400)	7,385	(10,400)	0	5,500	1,885
Emergency Services Mobile Communication Programme	888	(888)	0	(888)	0	(888)	0		0
MTA Reserve	186	(194)	(8)	(194)	(8)	(194)	0		(8)
Vehicle & Equipment Reserve	1,355	(1,355)	0	(1,355)	0	(1,355)	0		0
Community Risk Management Plan	1,921	(1,868)	53	(1,868)	53	(1,868)	0		53
Grenfell Infrastructure Reserve	215	(215)	0	(215)	0	(215)	0		0
Sustainability	171	(171)	0	(171)	0	(171)	0		0
ICT Development Reserve	1,075	(272)	803	(272)	803	(272)	0		803
Recruitment Reserve	1,042	(642)	400	(642)	400	(642)	0		400
Leadership Reserve	27	(13)	14	(13)	14	(13)	0		14
HR Reserve	107		107		107		0		107
Communications	110		110		110		0		110
Pension Earmarked Reserve	1,075		1,075		1,075		0	1,075	0
Finance Reserve	15	(15)	0	(15)	0	(15)	0		0
2024/25 Investment Carry Forward	1,687		1,687	(1,687)	0		(1,687)		0
Budget Flexibility	795		795	(795)	0		(795)		0
TOTAL Earmarked Reserves	37,876	(18,172)	19,704	(20,654)	17,222	(18,172)	(2,482)	11,435	5,787
General Reserve	14,442	1,700	16,142	758	15,200	1,700	(942)	17,400	(2,200)
TOTAL Reserves	52,318	(16,472)	35,846	(19,896)	32,422	(16,472)	(3,424)	28,835	3,587

Summary – Revenue Budget Movements Update (1/1)

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

Due to a new system, as of Quarter 1 there have been no budget amendments from that set out in the final budget report for 2025-26.

In addition, some items held under individual subjective headings in the approved budget, are currently reflected under contingency, such as for pay award. These will be further reviewed for reallocation as the year progresses and detailed cost implications are known at a Directorate level.

	2025/26 Budget Report £,000	2025/26 Q1 Position £,000	Movement £,000
Operational Staff	364,795	364,795	0
Other Staff	74,459	74,459	0
Employee Related	33,146	33,146	0
Firefighter Pensions - Injury & Ill-Health Scheme	23,598	23,598	0
Premises	50,760	50,760	0
Transport	19,715	19,715	0
Supplies & Services	43,305	43,305	0
Third Party Payments	1,661	1,661	0
Capital Financing Costs	17,477	17,477	0
Contingency	6,066	6,066	0
Other Income	-56,288	-56,288	0
Net Revenue Expenditure TOTAL	578,694	578,694	0
Use of Reserves	-16,500	-16,500	
Financing Requirement	-16,500	-16,500	0
<u>Financed By:</u>			
Specific Grants	-25,793	-25,793	0
GLA Funding	-536,400	-536,400	0
Net Budget	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 2025/26 Consolidated Budget, for both subjective and objective analysis.

	2025/26 Budget £m	2025/26 Forecast £m	Variance £m
Subjective Analysis			
Staff costs	502.1	503.3	1.2
Premises costs	50.8	50.6	-0.2
Transport costs	19.7	19.7	-0.0
Supplies and Services	43.3	43.3	-0.1
Third party payments	1.7	1.8	0.1
Capital financing costs	17.5	18.3	0.8
Total gross expenditure	635.0	636.9	1.8
Sales, fees and charges	-54.8	-55.2	-0.4
Specific grants	-25.8	-25.6	0.2
Interest receivable	-1.5	-2.2	-0.7
Total gross income	-82.1	-83.0	-0.9
Net expenditure	552.9	553.9	0.9

	Budget 2025/26 £m	Forecast 2025/26 £m	Variance 2025/26 £m
Objective Analysis			
Corporate Services	126.0	125.9	-0.1
Preparedness & Response	388.0	388.5	0.5
People	8.1	8.2	0.1
Transformation	3.7	3.7	0.0
Prevention, Protection and Policy	43.0	42.2	-0.8
Communications	3.5	3.5	0.0
Savings review	-9.6	-8.7	0.9
Service expenditure excluding SG	562.7	563.4	0.6
Corporate Services	-25.8	-25.6	0.2
Specific Grants	-25.8	-25.6	0.2
Net service expenditure	536.9	537.8	0.9

Summary – Key Performance Indicators (Aged Debt) Update

The reporting and presentation on LFC's outstanding debt is being updated to reflect that the LFC has moved to a new Finance System from April 2025. Due to transitional implementation issues this is not yet available at Quarter 1, with a full update planned for Quarter 2.

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					Operational Budget Volatility Pay Award
	4			Replacement Vehicles & Equipment		
	3		Water Hydrants	Telecommunications Income Cost of Borrowing Capital Rephasing TFF recourcing Vehicle Contract & Accident Claims Inflation	New Unfunded Pressures Building Rates Review Legal / Compensation Claims Project costs not able to be capitalised due to changes in delivery model(s) Pensions Remedy	Failure to deliver planned savings and efficiencies
	2		Contractor Default Debt Charges	Energy Costs		
	1					
			1	2	3	4
		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 remains a high risk.
- Pay Award – the 2025/26 budget was set on an assumption of 2% pay award across all staff groups. Agreement has been reached for Operational Staff at 3.2% and funding options to meet this remain under review.
- Failure to deliver planned savings and efficiencies – £28m savings were applied for 2025/26 as part of reaching a balanced budget. Progress against targets are governed closely through Director led scrutiny to ensure appropriate management actions are taken.

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'.

Two KPIs should be included in this update, on *progress on implementing funded and unfunded climate 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 25-26	Quarterly RAG rating
	Q1
Progress against funded climate measures	Green
Progress against unfunded climate measures	Red

Funded climate measures – Green

The LFB projects listed in the climate budget table A are funded and are currently working to expected deadlines and within budget.

Unfunded climate measures - Red

The LFB projects listed in the climate budget table B are unfunded and therefore are unable to receive governance, these projects are in design stages and can only be progressed following a budget allocation.