Finance Report

Quarter 4, 2025/26

1 January 2026 to 31 March 2026

Financial Position as at 31 March 2026

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Introduction and background

This report presents the draft outturn for the 2025/26 financial year, as at the end of March 2026 (Q4).

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 commenced in August, with audit opinion signed off in February 2026.

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. The LFC's draft budget was submitted to the Mayor on 21 November 2025. The Mayor published his Draft Consolidated Budget on 15 January 2026/27 which included extra funding for the LFC. The LFC's Final Budget for 2026/27 was published in March 2026.

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.

Section A
LFC 2025/26 Revenue Summary Main Table

The table below sets out the Q4 Draft Outturn Position for LFC, broken down by subjective.

The draft outturn at 31 March 2026 reports an underspend of £3.4m for the 2025/26 financial year (0.6% of the budget). This is driven by underspends within programmes, premises, vacancies in Fire Safety Delivery and higher than budgeted income. This is offset by pay inflation above that assumed at the time of budget setting, alongside pressures in Control and FRS staff groups. In addition, there are higher than budgeted payments on the vehicle and equipment contract and the settlement of a long-running contract dispute negotiation.

In addition, the 2025/26 budget included a contribution of £1.7m towards the general reserve to help maintain it at the minimum agreed level. Following the review of outturn as presented in this report, this payment to the general reserve is included in this position.

The £3.4m underspend represents a £5.6m decrease on the forecast position reported at Q3.

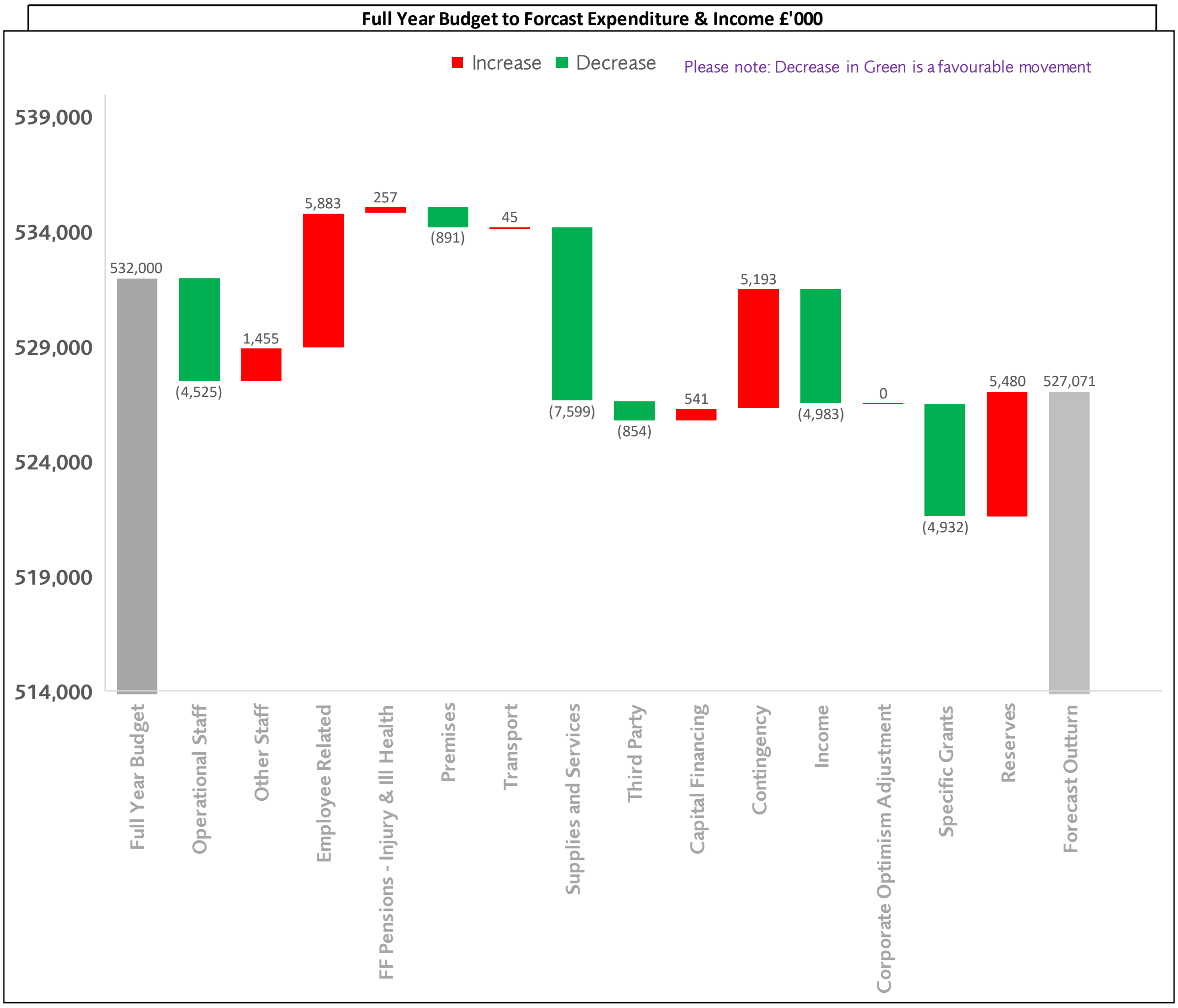
Further information on key variances is provided in the following pages.

London Fire Commissioner Revenue Summary (£'000s)

LFC Revenue (£'000s)	D Full Year Revised Budget	E Draft Outturn	F = [E - D] Variance: Draft Outturn vs Revised Budget	G Forecast Outturn at Q3	H = [E - G] Variance: Change in Outturn since Q3 Forecast
Operational Staff	372,562	368,037	(4,525)	368,347	(310)
Other Staff	80,012	81,467	1,455	82,631	(1,164)
Employee Related	33,469	39,352	5,883	34,463	4,889
Firefighter Pensions - Injury & Ill Health	23,598	23,855	257	24,198	(343)
Premises	51,342	50,451	(891)	50,208	243
Transport	20,130	20,175	45	21,551	(1,376)
Supplies and Services	46,290	38,692	(7,599)	47,612	(8,920)
Third Party	2,549	1,695	(854)	2,850	(1,155)
Capital Financing	17,477	18,018	541	18,261	(243)
Contingency	(5,193)	0	5,193	1,381	(1,381)
Income	(61,377)	(66,360)	(4,983)	(64,406)	(1,953)
Corporate Optimism Adjustment	0	0	0	(2,000)	2,000
Net Revenue Expenditure	**580,859**	**575,381**	**(5,477)**	**585,094**	**(9,713)**
Use of Reserves	(19,276)	(15,779)	3,497	(19,204)	3,425
Transfer to Reserves	1,700	3,683	1,983	1,000	2,683
Financing Requirement	**563,282**	**563,285**	**3**	**566,890**	**(3,605)**
Financed by:					
Specific Grants	(31,282)	(36,214)	(4,932)	(32,674)	(3,540)
Other Grants	0	0	0	0	0
GLA Funding	(532,000)	(532,707)	(707)	(532,000)	(707)
Net Financial Position (Draft Outturn)	**0**	**(5,636)**	**(5,636)**	**2,216**	**(7,851)**

Carry Forwards	0	2,262	2,262	0	2,262
Draft Outturn including impact of carry forwards	**0**	**(3,374)**	**(3,374)**	**2,216**	**(5,589)**

LFC Revenue Summary - Budget to Draft Outturn (Q4)



LFC Revenue Summary – Key Variances

Comments
Full Year Latest Forecast vs Budget

The draft outturn at 31 March 2026 reports a net underspend (after reserves and grants) of £3.4m.

Operational Staff - underspend of £4.5m
The underspend largely relates to Prevention, Protection & Policy with an underspend against budget of £3.1m reflecting vacancies within Fire Safety Delivery. A sector-wide skills shortage has continued to impact recruitment in this area, although a number of measures are underway to address this gap,

The forecast within Fire Stations for operational staff was £1.3m below budget, reflecting a much-improved position on the overspend experienced in previous years. Pre-arranged overtime was £3.2m below that experienced during 2024/25. Total overtime in Fire Stations was £1.9m over the 2025/26 budget plans, this was offset by underspend due to higher than projected vacancy levels. Vacancy levels for Operational Staff are reviewed monthly at the LFB's Establishment Board.

Other Staff (including FRS and Control Staff groups) – overspend of £1.4m
There was an overspend of £1.5m is forecast within Preparedness & Response, largely relating to Control staff salaries and overtime. See Preparedness & Response section for further information.

In addition, overspend of £1.1m associated with FRS staff is reported within Corporate Services reflecting the challenge of delivering vacancy margin savings while posts are required to provide stability through high levels of organisational change and agency staff cover for essential but hard to recruit to established posts, such as in Finance and ICT.

Employee Related – overspend of £5.9m (£2m overspend net of transfer of Programme costs from Supplies and Services)
This overspend largely reflects the transfer of training costs for the Tactical Ventilation and National Operational Guidance (NOG) projects (£3.7m). This expenditure was budgeted for within Supplies and Services and has resulted in an offsetting underspend in that area as set out further below. Once adjusted for this would result in a revised overspend of £2.0m in Employee Related. which is largely due to the impact of Local Government Pension Scheme (LGPS) Severance redundancy payments held within departments.

Firefighter Pensions: Injury & Ill-health - overspend of £0.3m
The overspend reflects additional costs associated with injury and ill-health retirals, which have increased beyond that projected at time of budget setting.

Premises – underspend of £1.0m
The underspend primarily relates to lower-than-expected spend on planned building redecorations and workplace improvements. This is added to by a reduction in utilities costs.

Transport – overspend of £0.05m
This is driven by a £1.6m overspend due to higher-than-expected indexation on fleet unitary payments contract pricing, as well as a higher-than-anticipated level of vehicle repairs and spend on extreme weather-related costs. This is offset by adjustments to fuel stock and capital expenditure.

Comments
Full Year Latest Forecast vs Budget

Supplies and Services - underspend of £7.6m (£3.6m net of transfers to Employee Related line)

The underspend reflects the slower mobilisation of new investments and project activity across several areas, including the Command Unit, Tactical Ventilation training (which will now be delivered in 2026/27), EV Charging, and National Operational Guidance. In addition, the outturn position here includes the impact of £3.7m of expenditure that was budgeted for within Supplies and Services but ultimately incurred within the Employee Related section above. This would reduce the underspend to £3.6m in this area.

The underspend is also driven by contract savings in ICT on the Control And Mobilising System (CAMS) and Radio Airwave systems as well as lower-than-expected increases to public liability and other insurance premiums. These are partially offset by higher-than-expected hydrant costs due to an in-year payment of retrospective charges to Thames Water.

Capital Financing - overspend of £0.6m

The overspend relates to higher than budgeted interest costs on short-term borrowing within Central Finance and is largely offset by higher than budgeted investment income, see below.

Contingency – overspend of £5.2m

This overspend is partially driven by forecast pressure from pay awards of £1.5m, and other budget updates, such as to reflect actual staff costs, of £1.2m held centrally within Corporate Services.
In addition, slippage is forecast on some cross cutting savings held centrally including data management review of £0.53m, process efficiencies of £1.0m, and contract reviews of £1.3m.

Within the Prevention directorate overspend is primarily driven by savings that were budgeted to be delivered from staffing budgets through organisational change.

Income – over recovery £5.0m

The outturn reflects the increase in externally funded Protection Uplift Programme and Building Safety Regulator income driven by additional recharge work allocated to fire rescue services (£3.6m).

Within Corporate Services, over recovery is largely driven by unbudgeted income received relating to a dispute settlement with an insurer, higher-than-budgeted telecoms income due to timing of new lease changes, partially offset by lower-than-anticipated MFB Act income.

Fire Stations income was £0.5m higher than budget driven by shut in lifts income. This is offset within the directorate by an under-recovery within L&PD due to a reduction in the secondments to Babcock.

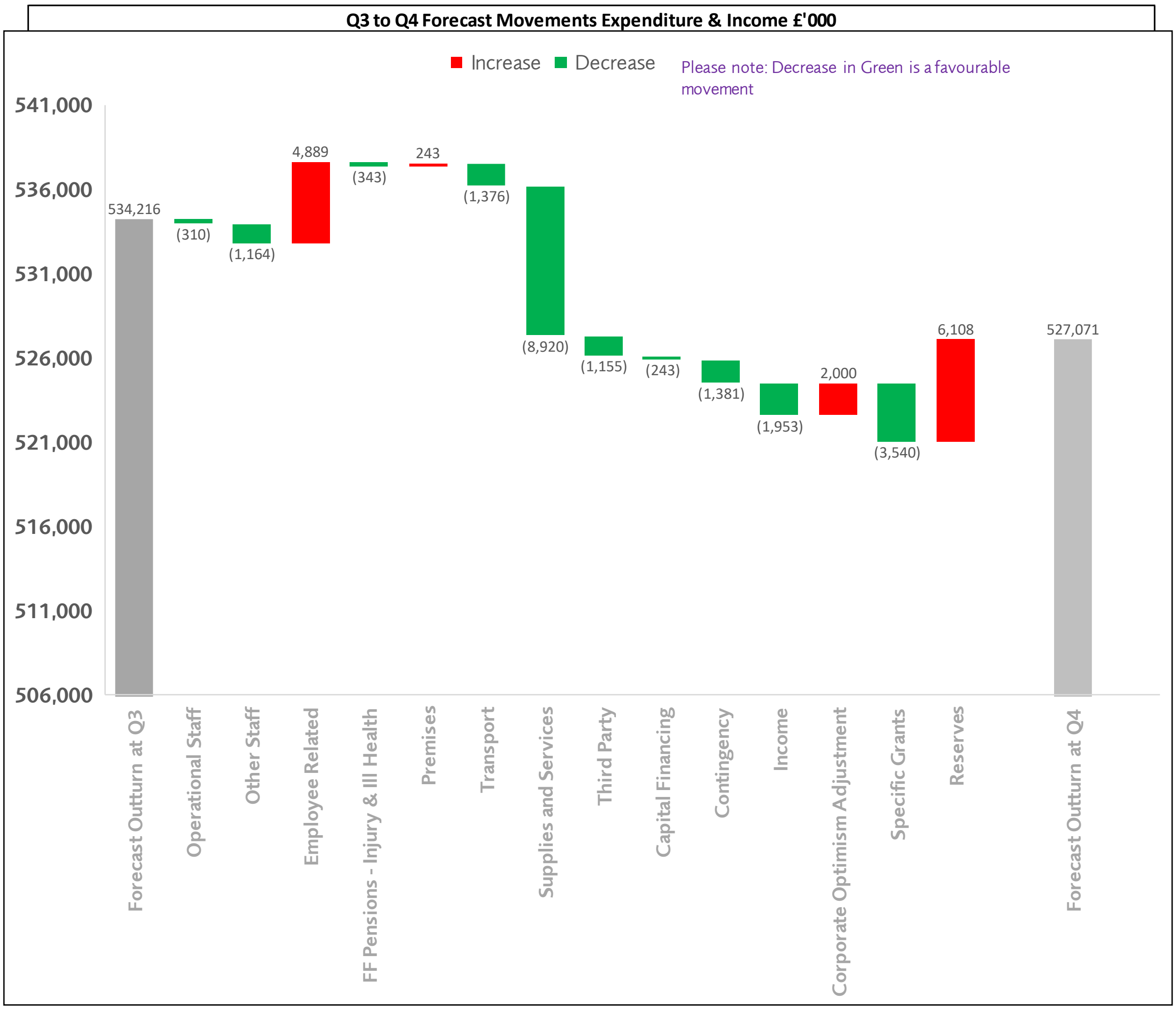
Use of Reserves – reduced draw of £5.5m

This includes a reduced draw on the earmarked reserves for structural reviews and additional transfers into earmarked reserves to meet future costs.

Specific Grants – increase of £4.9m

This reflects an additional £3m business rates retention funding received from the GLA in-year. It also reflects the 2nd instalment of the externally funded Protection Uplift Programme - £1,267k and the London Remediation Acceleration Plan (LRAP) Grant of £976k

LFC Revenue Summary – Draft Outturn at Q4 to forecast reported at Q3



LFC Revenue Summary – Key Movements from Q3

Comments
Draft Outturn at Q4 vs Full Year Forecast at Q3

The draft outturn at 31 March 2026 shows a net underspend of £5.6m on that forecast at Q3.

Operational Staff – decrease of £0.3m
The decrease in forecast is largely due to additional vacancies within Fire Safety.

Other Staff (including FRS and Control Staff groups) – decrease of £1.2m
The movement on forecast reflects an improvement in the control staffing overspend from Q3. Within Corporate Services, the change in forecast from Q3 is driven by changes in vacancy assumptions and a reduced level of agency use than anticipated.

Employee Related – increase of £4.9m (£1m net of transfers from Supplies and Services)
This overspend largely reflects the transfer of training contract costs for the Tactical Ventilation and NOG projects - £3.7m, from the Supplies and Services spend area, which would reduce this movement to £1.0m. An exercise was done in period 12 to correctly allocate expenditure sitting with BAU cost centres to their project cost centre equivalents.

Supplies and Services – decrease of £8.9m (£4.9m net of transfers to Employee Related line)

This is largely driven by underspends on new investments and project activity across several areas, including the Command Unit, Tactical Ventilation training, EV Charging, and National Operational Guidance. This was recognised in Q4 following clarity on project expenditure. The outturn position also reflects the transfer of £3.7m in costs to the Employee Related spend area above, which once adjusted for reduces this movement to £4.9m.

Further underspends are also driven by contract savings in ICT on the Control And Mobilising System (CAMS) and Radio Airwave systems.

Contingency – decrease of £1.4m
The overspend is largely being driven by forecast pressure from pay awards of £1.5m. In addition, slippage is forecast on cross-cutting savings held centrally including data management review, process efficiencies and contract reviews.

Income – increased recovery of £2.0m
This reflects the increase in externally funded Protection Uplift Programme and Building Safety Regulator income driven by additional recharge work allocated to fire and rescue services.

This is offset by lower-than-expected interest on short-term deposits as well as the unbudgeted posting of the movement in the bad debt provision (c.£1m).

Use of Reserves – reduced draw of £6.1m
This includes a reduced draw on the general reserve for structural reviews and additional transfers into earmarked reserves to meet future costs.

Comments
Draft Outturn at Q4 vs Full Year Forecast at Q3

Grants – increased by £3.6m

The increase over budget reflects the additional business rates retention funding received from the GLA in-year as well as the London Remediation Acceleration Plan (LRAP) grant income.

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

The table below sets out the reported overall LFC draft outturn position (Q4) broken down by Directorate.

The £4.9m underspend (before carry forwards are added) largely reflects underspends on programme costs, additional pay inflation costs, along with pressures associated with Control and FRS staff groups, a contract dispute and vehicle contract expenditure, 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)

	D	E	F = [E - D]	G	H = [E - G]
Directorate (£'000s)	**Full Year Revised Budget**	**Draft Outturn**	**Variance: Draft Outturn vs Revised Budget**	**Forecast Outturn at Q3**	**Variance: Change in Outturn since Q3 Forecast**
Preparedness and Response	395,756	397,666	1,910	397,565	101
Prevention, Protection and Policy	46,328	41,151	(5,177)	43,919	(2,768)
Corporate Services	76,739	76,461	(278)	82,326	(5,865)
People	9,546	7,945	(1,601)	8,605	(660)
Communications	3,631	3,848	217	3,801	47
Corporate Optimism Adjustment	0	0	0	(2,000)	2,000
Total	**532,000**	**527,071**	**(4,929)**	**534,216**	**(7,145)**
Carry Forwards	0	2,262	2,262	0	2,262
GLA Funding	(532,000)	(532,707)	(707)	(532,000)	(707)
Draft Outturn including impact of carry forwards	**0**	**(3,374)**	**(3,374)**	**2,216**	**(5,589)**

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)					
	D	E	F = [E - D]	G	H = [E - G]
LFC Revenue (£'000s)	**Full Year Revised Budget**	**Draft Outturn**	**Variance: Draft Outturn vs Revised Budget**	**Forecast Outturn at Q3**	**Variance: Change in Outturn since Q3 Forecast**
Operational Staff	353,850	352,483	(1,367)	352,579	(96)
Other Staff	14,466	16,009	1,544	16,473	(464)
Employee Related	23,845	24,550	705	24,770	(220)
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0
Premises	152	562	410	83	479
Transport	2,624	2,690	65	2,371	319
Supplies and Services	3,583	3,938	355	3,634	304
Third Party	28	0	(28)	0	0
Capital Financing	0	0	0	0	0
Contingency	(87)	0	87	40	(40)
Income	(2,705)	(2,567)	139	(2,046)	(520)
Net Revenue Expenditure	**395,756**	**397,666**	**1,910**	**397,905**	**(239)**
Use of Reserves	0	0	0	(340)	340
Transfer to Reserves	0	0	0	0	0
Financing Requirement	**395,756**	**397,666**	**1,910**	**397,565**	**101**
Financed by:					
Specific Grants	0	0	0	0	0
Other Government Grants	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**395,756**	**397,666**	**1,910**	**397,565**	**101**

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

Comments
Full Year Latest Forecast vs Budget

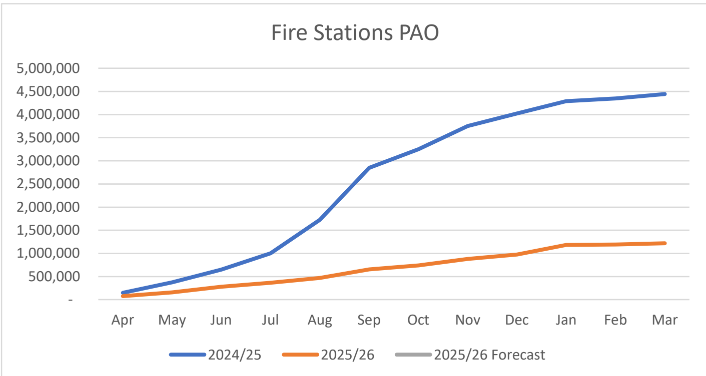
Operational Staff – underspend of £1.4m
The underspend is largely driven by vacancies in Fire Stations and Learning and Professional Development (L&PD). Fire Stations operational staff costs were £916k below budget. This is due to an increased number of vacancies towards the end of the year. Operational vacancies are reviewed monthly at LFB's Establishment Board.

There are further vacancies within L&PD driving the underspend. This includes a reduction to trainee firefighter expenditure due to reduced intake from December 2025.

Operational Resilience operational staff costs finished over budget against both base salaries and overtime, along with associated on-costs, reflecting the staffing complement currently in place. This includes a number of detachments delivering on national resilience requirements.

Total operational overtime within Fire Stations finished the year at £6.14m, against a budget of £5.8m. The forecast reflects a reduction of £3.1m on that experienced in 2024/25.

Pre-arranged overtime (PAO) expenditure was £1.2m in 25/26, a reduction of £3.2m on that experienced during 2024/25. This represents a 73% reduction reflecting the impact of a range of management actions including a focus on long term sickness as well as regular reporting to Establishment Board to review effectiveness.



Other Staff – overspend of £1.5m
The overspend largely relates to Control staff salaries and overtime. Drivers of costs include sickness and higher than usual levels of maternity leave, along with advance recruitment in anticipation of retirals and turnover within the service during a critical period leading up the implementation of the new Mobilising system.

Employee Related – overspend of £0.7m
The overspend is partly driven by severance costs held within departments. Also, the Babcock training contract costs within Learning & Professional Development were slightly over budget driven by £1m targeted reduction on indexation. The remaining overspend is caused by higher-than-expected training costs.

Comments **Full Year Latest Forecast vs Budget**
Premises – overspend of £0.4m The overspend is largely driven by hire of facilities costs for Area Watch Leadership days as well some security and refurbishment costs. **Supplier & Services – overspend of £0.4m** The overspend is driven by capital expenditure and fuel stock adjustmends. This is offset in part by several underspends within Fire Stations. In particular, clothing, uniforms and laundry spend was lower than expected due to lower transfers from procurement. There were also savings within Software due to delays in project spend within L&PD. **Income – under-recovery of £0.1m** Overall, there is an under-recovery of £0.1m which is an offset between Fire Stations and L&PD. Fire Stations income was £0.5m higher than budget driven by shut in lifts income. There was as under-recovery within L&PD due to a reduction in the secondments to Babcock. We currently only have one active secondment to Babcock. Operational Resilience income from training has also reduced due to fewer courses being delivered to the Met police. **Use of Reserves – change on forecast of £0.34m** The forecast previously reflected the drawdown of earmarked reserves held in relation to the Culture Transformation Programme. This has now moved to the People directorate.

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)					
	D	E	F = [E - D]	G	H = [E - G]
LFC Revenue (£'000s)	Full Year Revised Budget	Draft Outturn	Variance: Draft Outturn vs Revised Budget	Forecast Outturn at Q3	Variance: Change in Outturn since Q3 Forecast
Operational Staff	16,556	13,458	(3,097)	13,760	(302)
Other Staff	27,530	27,460	(70)	27,543	(83)
Employee Related	3,001	7,282	4,282	3,060	4,222
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0
Premises	122	223	101	133	90
Transport	273	485	212	274	211
Supplies and Services	10,039	5,330	(4,709)	9,060	(3,730)
Third Party	25	20	(5)	53	(33)
Capital Financing	0	0	0	0	0
Contingency	(2,492)	0	2,492	(1,098)	1,098
Income	(5,379)	(8,994)	(3,616)	(5,412)	(3,582)
Net Revenue Expenditure	**49,676**	**45,266**	**(4,410)**	**47,375**	**(2,109)**
Use of Reserves	(2,081)	(1,588)	494	(921)	(667)
Transfer to Reserves	0	983	983	0	983
Financing Requirement	**47,595**	**44,661**	**(2,934)**	**46,454**	**(1,792)**
Financed by:					
Specific Grants	(1,267)	(3,510)	(2,243)	(2,534)	(976)
Other Government Grants	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**46,328**	**41,151**	**(5,177)**	**43,919**	**(2,768)**

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

Comments (Full Year Latest Forecast vs Budget)
Operational Staff – underspend of £3.1m This underspend is primarily driven by ongoing vacancies within Prevention & Protection (£2.5m in Fire Safety Delivery). A sector-wide skills shortage has continued to impact recruitment and retention, although a number of measures are underway to address this gap including Market Rate Supplement, a clear employee offer which includes industry-recognised qualifications, and strengthened professional development pathways (including sponsored university degrees in fire engineering and conversion routes for professionals such as mechanical engineers). The remaining underspend of £0.5m relates to a cluster budget realignment within RASP (Risk, Assurance, Strategy and Portfolio department) that did not reflect the updated establishment. This will be corrected in 2026/27. The reduction in outturn compared to Q3 is a result of transfers of incorrectly posted staff to their correct directorates. **Other Staff – underspend of £0.07m** This underspend relates primarily to ongoing vacancies with Prevention and Protection - £476k and slippage in the delivery of CRMP projects - £528k. These were partially offset by some overspends including un-budgeted staffing costs within Health, Safety and Wellbeing (£152k) and RASP budget not being restructured to the new establishment (£728k). The reduction in outturn compared to Q3 is a result of transfers of incorrectly posted staff to their correct directorates. **Employee Related – overspend of £4.3m (£575k net of transfer from Supplies and Services)** This overspend largely reflects the transfer of training contract costs to within Supplies and Services for the Tac Vent and NOG projects - £3,703k. This expenditure was budgeted for within Supplies and Services and has resulted in an offsetting underspend in that area as set out further below. An exercise was done in period 12 to correctly allocate expenditure sitting with BAU cost centres to their project cost centre equivalents. Also contributing to the overspend are LGPS Severance redundancy payments of £527k and a legal fine of £371k within Prevention. A provision of £315k will be released to partially offset the legal fine. The movement between Q3 and outturn is because the forecast and budgets for CRMP Projects are within supplies and services, and the costs have been transferred to employee related. There is a corresponding underspend within supplies and services. **Premises – overspend of £0.1m** Primarily relates to the 24/25 Phonographic Performance Limited (PPL) and Performing Right Society (PRS) licence cost of £94k being paid in 25/26 within Health, Safety and Wellbeing.

Comments (Full Year Latest Forecast vs Budget)
Transport – overspend of £0.2m Accommodation and travel expenses for staff doing master's degrees in science and fire engineering with the Protection Uplift Programme. All recharges were finalised in the last quarter and so were not reflected in Q3. These costs are offset by income from the same Programme. **Supplies and Services – underspend of £4.7m (£1,015k net of transfer to Employee Related)** The underspend partially reflects the slower mobilisation of new investments and project activity across several areas, including the Command Unit, Tactical Ventilation, One -Risk and National Operational Guidance. Whilst the budget for these projects sits within this category, the outturn spend on these projects is within the employee related category, hence the overspend within that category. A number of these projects have requested that their budgets be carried forward into 2026/27 due to project slippage. **Contingency – overspend of £2.5m** The overspend is primarily driven by savings that were budgeted to be delivered from staffing budgets through organisational change. The organisational changes were delivered, which will realise the required savings within staff costs. However, due to absence and capacity constraints across the wider team, the budget reconciliation and realignment associated with the organisational changes were not completed by the end of the financial year. This will be reviewed early in 2026/27. **Income – over recovery of £3.6m** The outturn reflects the increase in externally funded Protection Uplift Programme and Building Safety Regulator income driven by additional recharge work allocated to fire rescue services. The increase is offset by increased expenditure within supplies and services. **Use of Reserves – reduction of £0.5m** The reduction in reserves reflects a lower drawdown from the externally funded Protection Uplift Programme for additional recharge work. This reduction is offset by updated expenditure actuals above. **Transfer to Reserves – increase of £1m** The increase in reserves is due to the London Remediation Acceleration Plan (LRAP) grant of £976k awarded in 25/26 that will be drawn down in 26/27 when the project commences. The remaining transfer reflects unspent funds of the Building Safety Regulator fund. This change is offset by updated expenditure actuals. **Specific Grants – increase of £2.3m** Reflects the 2nd instalment of the externally funded Protection Uplift Programme - £1,267k and the LRAP Grant of £976k. This change is offset by an additional transfer into reserves. The movement between Q3 and outturn reflects the award of the LRAP Grant from the GLA of £976k which aims to address the significant number of high-risk residential buildings in London requiring urgent remediation.

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)					
	D	E	F = [E - D]	G	H = [E - G]
LFC Revenue (£'000s)	**Full Year Revised Budget**	**Draft Outturn**	**Variance: Draft Outturn vs Revised Budget**	**Forecast Outturn at Q3**	**Variance: Change in Outturn since Q3 Forecast**
Operational Staff	1,139	1,043	(96)	1,054	(11)
Other Staff	27,780	28,393	613	28,883	(490)
Employee Related	5,712	6,284	572	5,864	420
Firefighter Pensions - Injury & Ill Health	23,598	23,855	257	24,198	(343)
Premises	51,057	49,642	(1,415)	49,983	(341)
Transport	17,076	16,856	(220)	18,637	(1,781)
Supplies and Services	31,330	28,859	(2,470)	33,927	(5,067)
Third Party	2,485	1,673	(811)	2,786	(1,113)
Capital Financing	17,477	18,018	541	18,261	(243)
Contingency	(2,594)	0	2,594	2,475	(2,475)
Income	(53,305)	(54,157)	(852)	(56,958)	2,801
Net Revenue Expenditure	**121,754**	**120,466**	**(1,288)**	**129,109**	**(8,643)**
Use of Reserves	(15,000)	(14,001)	999	(17,643)	3,642
Transfer to Reserves	0	2,700	2,700	1,000	1,700
Financing Requirement	**106,754**	**109,165**	**2,411**	**112,466**	**(3,301)**
Financed by:					
Specific Grants	(30,015)	(32,704)	(2,689)	(30,140)	(2,564)
Other Government Grants	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**76,739**	**76,461**	**(278)**	**82,326**	**(5,865)**

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

Comments (Full Year Latest Forecast vs Budget)
Other Staff – overspend of £0.61m This overspend is driven by FRS staff across teams within Corporate Services, including posts required to provide stability through high level of organisational change and agency staff covering essential but hard-to-recruit to established posts such as Finance. The change in forecast from Q3 is driven by changes in vacancy assumptions and a reduced level of agency use than anticipated. **Employee-Related costs – £0.57m overspend** The overspend is driven by higher-than-expected compensation due to a high caseload as well as additional recruitment fees incurred recruiting to vacant posts. **Firefighter Pensions: Injury & Ill-health – overspend of £0.26m** The overspend reflects additional costs associated with injury and ill-health retirals, which are forecast to increase beyond that projected at time of Budget Setting. **Premises – underspend of £1.4m** The underspend is mainly due to lower-than-expected spend on workplace improvements and planned building redecorations, only marginally offset by overspends on reactive small works. The change in forecast from Q3 primarily relates to further reductions to expected spend on workplace improvements and planned building redecorations. **Transport – underspend of £0.2m** The underspend id driven by capital and expenditure and fuel stock adjustments. This is largely offset by higher-than-expected indexation on fleet unitary payments contract pricing, as well as a higher-than-anticipated level of vehicle repairs and spend on extreme weather-related costs. A further £0.36m has also been provided for expected repair costs following damage to two fleet vehicles. **Supplies & Services – underspend of £2.5m** The underspend is primarily driven by contract savings in ICT on the Control And Mobilising System (CAMS) and Radio Airwave systems as well as lower-than-expected increases to public liability and other insurance premiums. These are partially offset by higher-than-expected hydrant costs due to an in-year settlement with Thames Water. The change in forecast from Q3 is largely driven by the ICT contract savings as well as capitalisation of ICT staff costs not built in the Q3 forecast. **Third Party – underspend of £0.8m** The underspend is mainly due to release of a prior-year accrual for additional external audit fees and lower-than-budgeted internal audit fees and pension service charges. Mutual Assistance expenditure is now being made from Operations with the budget to be moved out of ICT. The change in forecast from Q3 is mainly due to the lower-than-anticipated external audit, internal audit and pensions services charges.

Comments
(Full Year Latest Forecast vs Budget)

Capital Financing – overspend of £0.5m
The overspend relates to higher-than-budgeted interest costs on short-term borrowing within Central Finance. This has been largely offset by higher-than-budgeted investment income.

Contingency – overspend of £2.6m
The overspend is largely being driven by forecast pressure from pay awards of £1.5m. In addition, slippage is forecast on cross-cutting savings held centrally including data management review, process efficiencies and contract reviews.

Income – over recovery of £0.9m
This over recovery is largely driven by unbudgeted income received relating to a dispute settlement with an insurer, higher-than-budgeted telecoms income due to timing of new lease changes, partially offset by lower-than-anticipated MFB Act income.

The change in forecast since Q3 is due to the lower-than-expected interest on short-term deposits as well as the unbudgeted posting of the movement in the bad debt provision (c.£1m).

Use of Reserves – increased draw above budget of £1m
Following a review of earmarked reserves and projected expenditure plans against them, an additional £1m was released to support the in-year position. The remaining change on forecast from Q3 reflects draw of approved reserves held for projects. Please see reserves section of report for more information.

Transfers to reserves – increase to reserves of £2.7m
This consists of a £1m ringfenced dispute settlement income (see 'Income' section above) as well as the planned contribution to the general reserve of £1.7m.

The change in forecast from Q3 reflects the re-introduction of the £1.7m contribution to general reserves to help maintain it at the minimum agreed level.

Specific Grants – increase over budget reflects the additional £3m business rates retention funding received from the GLA in-year.

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)

	D	E	F = [E - D]	G	H = [E - G]
LFC Revenue (£'000s)	**Full Year Revised Budget**	**Draft Outturn**	**Variance: Draft Outturn vs Revised Budget**	**Forecast Outturn at Q3**	**Variance: Change in Outturn since Q3 Forecast**
Operational Staff	1,017	946	(71)	953	(7)
Other Staff	7,180	6,254	(926)	6,503	(249)
Employee Related	866	885	19	793	91
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0
Premises	1	1	0	0	1
Transport	59	87	27	61	26
Supplies and Services	898	443	(455)	577	(134)
Third Party	0	0	0	0	0
Capital Financing	0	0	0	0	0
Contingency	19	0	(19)	19	(19)
Income	0	(481)	(481)	(2)	(479)
Net Revenue Expenditure	**10,041**	**8,135**	**(1,906)**	**8,905**	**(770)**
Use of Reserves	(495)	(190)	305	(300)	110
Transfer to Reserves	0	0	0	0	0
Financing Requirement	**9,546**	**7,945**	**(1,601)**	**8,605**	**(660)**
Financed by:					
Specific Grants	0	0	0	0	0
Other Government Grants	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**9,546**	**7,945**	**(1,601)**	**8,605**	**(660)**

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

Comments **(Full Year Latest Forecast vs Budget)**
Other Staff – underspend of £0.9m Operational Staff costs are underspent against both the Revised Budget and the Quarter 3 forecast due to vacancy levels remaining higher than originally expected. Recruitment timelines and workforce availability have resulted in posts being held vacant for longer periods, reducing pay expenditure in-year and contributing to the overall favourable variance. **Supplies & Services – underspend of £0.5m** Supplies and Services expenditure is underspent primarily due to an underspend against the additional £495k budget allocated for conflict management activities, where delivery has been delayed as a result of the new contract not being in place. A request is being made to carry forward this funding into the next financial year. In addition, some expenditure earmarked for culture improvement initiatives did not proceed as planned, further contributing to the favourable variance. **Income – over recovery of £0.5m** Income is more favourable than budget primarily due to secondment income for which no budget was originally set. The associated staffing costs are included within staff expenditure above. **Use of Reserves – reduced Reserves draw of £0.3m** Use of Reserves is lower than budgeted, reflecting the reduced spend on conflict management activities arising from delays in the implementation of the associated new contract. As expenditure did not materialise as originally planned, the planned drawdown of reserves was correspondingly reduced.

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)					
	D	E	F = [E - D]	G	H = [E - G]
LFC Revenue (£'000s)	**Full Year Revised Budget**	**Draft Outturn**	**Variance: Draft Outturn vs Revised Budget**	**Forecast Outturn at Q3**	**Variance: Change in Outturn since Q3 Forecast**
Operational Staff	0	107	107	0	107
Other Staff	3,056	3,350	294	3,228	121
Employee Related	45	191	146	35	156
Firefighter Pensions - Injury & Ill Health	0	0	0	0	0
Premises	10	23	13	10	13
Transport	97	57	(39)	147	(90)
Supplies and Services	440	120	(319)	414	(293)
Third Party	11	0	(11)	10	(10)
Capital Financing	0	0	0	0	0
Contingency	(39)	0	39	(55)	55
Income	12	0	(12)	12	(12)
Net Revenue Expenditure	**3,631**	**3,848**	**217**	**3,801**	**47**
Use of Reserves	0	0	0	0	0
Transfer to Reserves	0	0	0	0	0
Financing Requirement	**3,631**	**3,848**	**217**	**3,801**	**47**
Financed by:					
Specific Grants	0	0	0	0	0
Other Government Grants	0	0	0	0	0
Net Financial Position (Forecast Outturn)	**3,631**	**3,848**	**217**	**3,801**	**47**

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

Comments (Full Year Latest Forecast vs Budget)
Other Staff – overspend of £0.3m Other Staff costs are overspent against both the Revised Budget and the Quarter 3 forecast. The variance is driven by FRS staff across teams within the Directorate, including posts required to support critical projects and initiatives during a period of high organisational change. While the Directorate has actively managed its headcount, staff attrition has been lower than anticipated, meaning the assumed £0.3m average vacancy margin did not materialise, resulting in the reported overspend. **Supplies and Services – underspend of £0.3m** Supplies and Services expenditure is underspent against both the Revised Budget and the Quarter 3 forecast. This primarily reflects active management of the non-pay budget to offset overspends in staff costs, alongside the fact that some planned activities did not proceed during the year. As a result, expenditure was lower than originally anticipated, contributing to the favourable variance.

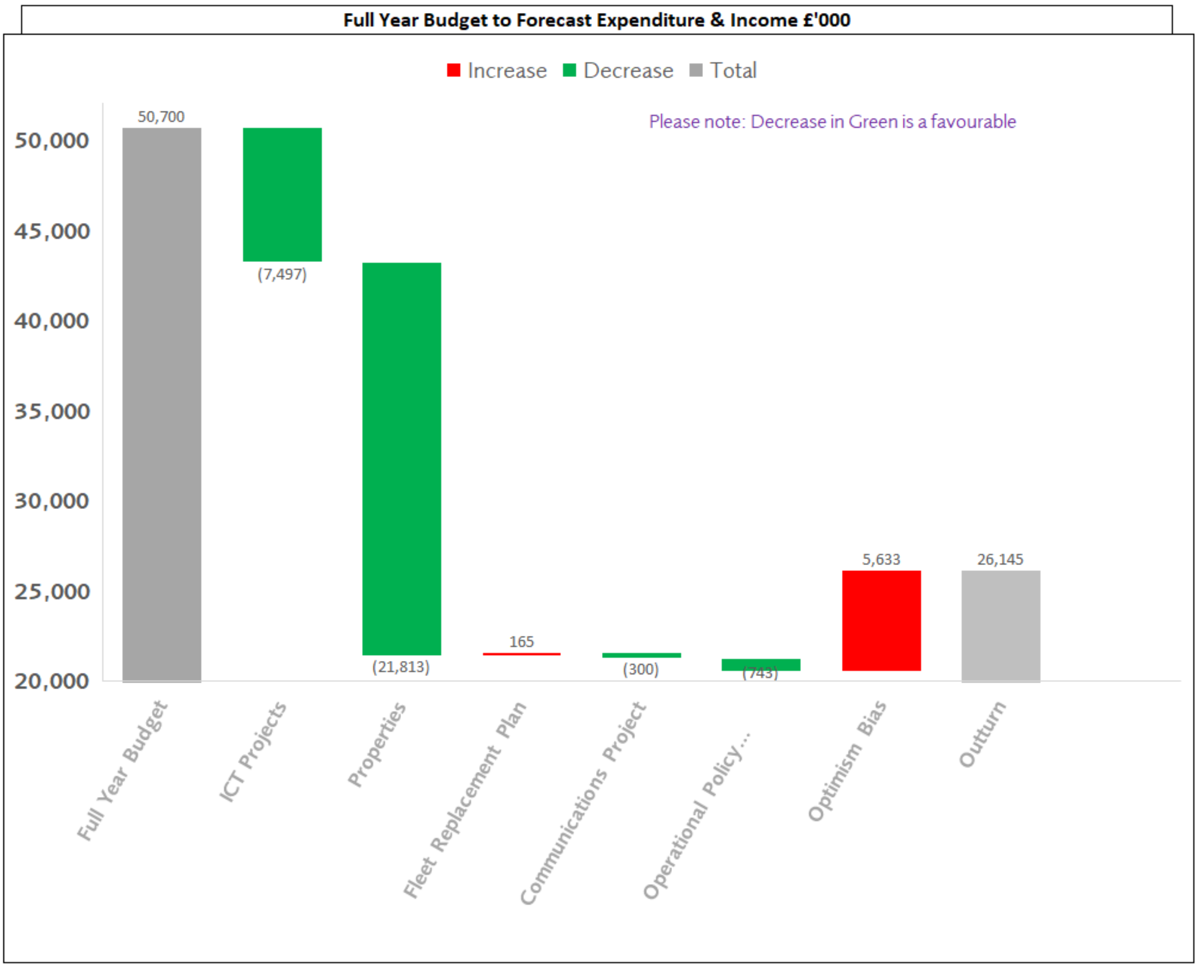
Section B
LFC Capital Summary Main Table

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 outturn capital programme spend is £26.7m, with the resultant £24.0m underspend largely driven by slippage in Property projects and ICT spend, and the reclassifcation of the ICT project 'Operational Risk Database' as revenue expenditure (reflected in the revenue budget and forecast).

London Fire Commissioner Capital Summary (£'000s)					
LFC Capital (£'000s)	**Full Year Budget**	**Outturn**	**Variance (Outturn vs Budget)**	**Outturn at Q3**	**Variance (Q3 vs Outturn)**
ICT Projects	11,823	4,326	(7,497)	9,012	(4,687)
Properties	41,731	19,918	(21,813)	26,385	(6,466)
Fleet Replacement Plan	1,736	1,901	165	1,852	49
Communications Project	300	0	(300)	0	0
Operational Policy Equipment	743	0	(743)	38	(38)
Optimism Bias	(5,633)	0	5,633	(4,225)	4,225
Total Capital Expenditure	**50,700**	**26,145**	**(24,555)**	**33,062**	**(6,917)**
Financed by:					
Reserves	0	0	0	0	0
Capital Receipts	0	0	0	0	0
Capital Grants	618	577	(41)	618	(41)
Borrowing	50,082	25,568	(24,514)	32,444	(6,876)
Total Financing	**50,700**	**26,145**	**(24,555)**	**33,062**	**(6,917)**
Grant Income	618	577	(41)	618	(41)
Total Net of Grant	**50,082**	**25,568**	**(24,514)**	**32,444**	**(6,876)**

LFC Capital Summary - Budget to Outturn (1/2)



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

Comments
Full Year Latest Forecast vs Budget

The capital programme reports an Outturn of **£26.2m** against a budget of **£50.7m**, representing a total reduction of **£24.5m**.

ICT Projects (£7.5m underspend)
The variance in ICT is primarily driven by the following factors:

- Control and Mobilisation System (CAM): System testing (required to provide assurance before operational service) led to significant milestone payments being delayed into 2026/27, resulting in £4.8m being slipped into the following year.
  A further drop in forecast from Q3, meant there were additional delivery delays within this project as well as VAT recovery from the 600 Laptop purchased.
- Operational Risk Database: This project was reclassified as revenue expenditure, resulting in a capital underspend of £1.3m. These costs were already accounted for within the revenue budget.

To manage non-essential replacement spend, the following have been moved to future years:

- Appliance Workload Application: £500k
- Incident Management System (IMS): £478k
- Data Centre Switches: £293k
- Staff Attendance Recording System (STARS): £352k

This underspend is partially offset by **£709k** in projects slipped from 2024/25 and delivered this year, including VM Server Environment Hosts (£611k) and Mobile Data Terminals (£98k).

Property Projects (£21.8m underspend)
As well as some savings achieved, significant delays in procurement (due to some staff vacancies as well as challenging contractors to maximise value for money), design, and supplier delivery have resulted in significant spend being reprofiled into the next financial year. This includes the impact of an additional £5.5m reduction in spend identified between Q3 and Q4. Key projects affected include:

- Privacy for All: £4.3m (slippages were only a few months but resulted in spend falling into the next financial year)
- Salix 3C Projects: £4.8m
- HQ Relocations: £3.1m (interim accommodation was confirmed after the year end and capital requirement was less than assumed in business case)
- Electrical Works: £1.8m (due to plant delivery delays)
- Minor Improvements & Other Projects: £8.4m

These were partially offset by various other project adjustments totalling £1.1m.
Steps have been taken to improve delivery capacity and capability for 2026/27 in areas such as procurement and project management. The 2026/27 capital budget was also adjusted to reflect the slippage that was forecast at Q3 and taking into account overall deliverability.

It should also be noted that global market instability is also having an impact on capital projects that will continue to be monitored in 2026/27.

Fleet Replacement Plan (£0.2m Overspend)
The minor overspend is largely due to the purchase of EV Chargers (£0.6m) which were confirmed at Q4 and 4 Terrain Support Vehicles (£0.3m). This was largely offset by the reprofiling at Q4 of Light Vehicles and Vans (£0.5m) and Specialist Vehicles (£0.2m) due to year-end delivery issues.

Operational Policy Equipment (£0.7m Underspend)
Driven by underspends on Body Worn Videos (£0.45m) and Firefighting Fitness Test equipment (£0.29m). The latter has been reclassified as revenue expenditure after the Q3 forecast review.

Communications Project (£0.3m Underspend)
This reflects work on the museum and events space, now reprofiled as part of the new HQ project.

Programme Wide Optimism
An original adjustment of **£5.6m** applied during budget setting has been reduced to zero at Q4.

Section C – Further Information
Summary – Savings Update

The table below presents the status of savings agreed as part of the budget 2025/26. It should be noted that whilst some areas did not deliver the full savings planned in 2025/26, additional savings and income have been identified to offset these pressures, resulting in a small surplus against the overall target. Additional information on these areas is set out within Part A of this report.

Savings	2025-26 Budget £m	2025-26 Outturn £m	Risk Rating	Comments
Existing Departmental Savings	5.5	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	4.5	G	These are new savings put forward by departments as part of the 2025-26 budget process.
Additional Departmental Savings 2025-26	5.7	5.7	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 (£3 million);	3.0	2.0	A	This reflects planned reductions of FRS staff spend, managed through an increase in the Vacancy Margin.
Reduction in operational overtime through measures including lower sickness levels (£3 million);	3.0	3.0	G	Operational overtime reduced by £3.1m however other types of overtime and cost such as direct standbys increase this to a £1.8m overspend
Contracts Review (£2 million);	2.0	0.3	A	Revenue savings now forecast a £1.7m under delivery, although it should be noted that the worskstream has also delvered savings against capital, cost avoidance
Process efficiencies (£1 million); and	1.0	-	R	Due to delays to the start of the project, cashable savings are not expected of to be achieved in 2025/26, with further savings in future years to meet the target.
Data management review (£0.6 million).	0.6	0.1	R	Savings are now expected to be £0.1m in 2025/26 with remainder in future years
Reduction in Training Inflation	1.1	-	A	This relates to a target reduction in Training Contract costs.
Net Reduction against previous assumptions in CRMP Programmes	1.9	1.9	G	This follows assessment and prioritisation through the Performance, Risk and Assurance Board of programme budgets in 2025-26.
Total Savings	**28.3**	**23**	**-5.3**	£5.3m shortfall against planned savings
Additional Savings In Year				
Insurance Contract	-	0.6	G	Result from retender exercise.
Airwave Contract	-	0.7	G	Following the conclusion of a national legal case.
CAMS (amount being confirmed)	-	0.3	G	Control and Mobilising System Contract saving
Telecoms Income	-	1.2	G	New re-leases agreed.
Premises Expenditure	-	1.1	G	Reduction on building decorations and workplace improvments.
Communications Non Pay Budget	-	0.3	G	Additional Controls on Non Pay Expenditure.
Legal Dispute Income	-	0.6	G	Successful outcome of Legal Dispute.
Training Contract	-	0.3	G	Reduced cost of the training contract.
Vacancy Control Panel	-	0.5	G	Additional FRS staff saving within Corporate Services.
Total Savings	**-**	**5.6**	**5.6**	£5.3m shortfall against planned savings
Total Savings Achieved	**28.3**	**28.6**	**0.3**	Net £0.3m surplus against savings target for 2025/26

The amber-rated workstreams are:

- The vacancy control panel remains in place to provide robust challenge to all recruitment plans however the amber status recognises the challenge of balancing in-year vacancy margin targets against key organisational change deliverables, particularly for FRS staff.
- Contracts review workstream is delivering in-year benefits across the organisational portfolio, including against capital budgets and where savings have been reflected separately, such as the Airwave reductions in ICT. For revenue, the workstream is expected to deliver net cashable savings of £0.3m for 2025/26 against the original £2m target.
- 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 2025/26.

- Process Opportunities Project (POP): reset under a new sponsor. Several new initiatives have been identified and are at the business case stage. There are significant savings in the pipeline but delays from the start of the year mean that POP is unlikely to achieve cashable savings (against £1m assumed) in 2025/26.

Summary – Reserves Position Update (1/2)

The balance on Reserves at March 2026 is at £49.2m, a movement of £6.5m against the opening balance at March 2025 of £55.7m.

The revised balance at March 2026 is an increase of £20.4m on the £28.8m set out in the Final Budget 2025/26 (LFC-25-026).

Opening reserve balances were increased by £3.3m following the outcome of the 2024/25 audit and final statement of accounts.

General Reserve

The balance on the General Reserve at March 2026 is at £23.5m, which is above the 3.5 per cent of Mayoral funding (of £18.8m) planned to be held over the medium term under the reserves policy.

A reduced General Reserve balance 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 further increased over the 3 year period of the upcoming 2026/27 medium term financial plan.

General Reserve	Amount £'000
2025/26 Opening Balance on General Reserve	14,442
2024/25 Audit Adjustment	3,333
2025/26 MTFS Planned Top-up	1,700
Cluster 1 & 2 restructure costs not required	2,379
Draft Outturn - Underspend	3,374
Q4 Balance on General Reserve at March 2026	**25,228**

Forecast balance on General Reserve at March 2026 reported at Q3	**14,442**

Change since Q3 Forecast	**10,786**

Budget Flexibility Reserve (BFR)

The BFR was forecast to be fully utilised by March 2026, however following the review of outturn expenditure where pressures have been contained within existing budgets, the closing balance remains at £795k.

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

Earmarked Reserves

The balance on earmarked reserves is £24.0m at March 2026, a net movement of £13.9m against the opening balance of £37.9m. The table below summaries movements on all reserves.

Any new service demands identified in-year in 2026/27 will require careful prioritisation given the Budget Flexibility Reserve (BFR) is almost fully committed.

Summary – Reserves Position Update (2/2)

LFB Reserves £'000	Balance at 01/04/25	Draft Outturn: Reserve Movements	Draft Outturn: Balance at 31/03/26	Movement on 2025/26 Budget Plan: Full Year Forecast as per Budget Plan	Movement on 2025/26 Budget Plan: Draft Outturn Movement on Budget Plan	Movement on Q3 Forecast: Full Year Forecast as per Q3	Movement on Q3 Forecast: Draft Outturn Movement on Q3 Forecast	Movement on 2025/26 Budget Plan: Balance as at 31/03/26 as per Budget Plan	Movement on 2025/26 Budget Plan: Draft Outturn Movement on Budget Plan
Building Safety Regulator	1,956	7	1,963		7		7	1,700	263
Fire Safety and Youth Engagement	6,566	(1,588)	4,978	(1,500)	(88)	(922)	(667)	2,900	2,078
London Resilience	819	(819)	0	(559)	(260)	(819)	0	260	(260)
LFB Museum Project	80	(80)	0	(80)	0	(80)	0		0
Fire Safety Improvement	17,785	(7,718)	10,067	(10,400)	2,682	(9,760)	2,042	5,500	4,567
Emergency Services Mobile Communication Programme	888	(888)	0	(888)	0	(888)	0		0
MTA Reserve	186	(186)	0	(194)	8	(186)	0		0
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)	0	(1,726)	(142)		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	(572)	503	(272)	(300)	(725)	153		503
Recruitment Reserve	1,042	(300)	742	(642)	342	(1,042)	742		742
Leadership Reserve	27	(27)	0	(13)	(14)	(27)	0		0
HR Reserve	107	(107)	0		(107)	(107)	0		0
Communications	110	(30)	80		(30)	(30)	0		80
LRAP		976	976		976		976		976
Pension Earmarked Reserve	1,075	(755)	320		(755)	(1,075)	320	1,075	(755)
Finance Reserve	15	(15)	0	(15)	0	(15)	0		0
Investment Carry Forward	1,687	1,797	3,484		1,797	(1,687)	3,484		3,484
Budget Flexibility	795		795		0	(795)	795		795
TOTAL Earmarked Reserves	**37,876**	**(13,914)**	**23,962**	**(18,172)**	**4,258**	**(21,625)**	**7,711**	**11,435**	**12,527**
General Reserve	17,775	7,453	25,228	1,700	5,753	758	6,695	17,400	7,828
TOTAL Reserves	**55,651**	**(6,461)**	**49,190**	**(16,472)**	**10,011**	**(20,867)**	**14,406**	**28,835**	**20,355**

Summary – Revenue Budget Movements Update (1/1)

The table below sets out the key movements in Q4 budget figures, from that reflected in the LFC approved budget and reported at Q3.

LFC Revenue (£'000s)	Revised Budget at Q3	Revised Budget at Q4	Change	FRS Pay Award	National Insurance Contributions Grant	Protection Uplift Programme & BSR Profile	Top-up to General Fund held in Contingency	Reallocation of Savings held in Contingency	Drawdown of Approved Earmarked Reserves	Grants Update	Repayment of ESN Funding held in Reserves	Other Budget Corrections / Approved Changes under Delegated Authority
Operational Staff	372,278	372,562	284									284
Other Staff	80,008	80,012	4									4
Employee Related	33,469	33,469	0									0
Firefighter Pensions - Injury & Ill Health	23,598	23,598	0									0
Premises	51,342	51,342	0									0
Transport	20,112	20,130	18									18
Supplies and Services	46,308	46,290	(18)									(18)
Third Party	2,549	2,549	0									0
Capital Financing	17,477	17,477	0									0
Contingency	(4,905)	(5,193)	(288)									(288)
Income	(61,377)	(61,377)	0									0
Net Revenue Expenditure	**580,859**	**580,859**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Use of Reserves	(19,276)	(19,276)	0									0
Transfer to Reserves	1,700	1,700	0									0
Financing Requirement	**563,282**	**563,282**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financed by:												
Specific Grants	(26,882)	(26,882)	0									0
Other Government Grants	(4,400)	(4,400)	0									0
GLA Funding	(532,000)	(532,000)	0									0
Net Financial Position (Forecast Outturn)	**0**	**0**	**0**	**0**	**0**	**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 Q4 in a consistent format with that included in the Mayor's Final 2025/26 Consolidated Budget, for both subjective and objective analysis. It should be noted that the Objective Analysis includes the impact of reserve usage at directorate level.

Subjective Analysis	2025/26 Budget £m	2025/26 Outturn £m	Variance £m
Staff costs	504.4	512.7	8.3
Premises costs	51.3	50.5	-0.9
Transport costs	20.1	20.2	0.0
Supplies and Services	46.3	38.7	-7.6
Third party payments	2.5	1.7	-0.9
Capital financing costs	17.5	18.0	0.5
Corporate Optimism Adjustment	0.0	0.0	0.0
Total gross expenditure	**642.2**	**641.7**	**-0.5**
Sales, fees and charges	-59.6	-63.9	-4.4
Specific grants	-31.3	-36.2	-4.9
Interest receivable	-1.8	-2.4	-0.6
Total gross income	**-92.7**	**-102.6**	**-9.9**
Net expenditure	**549.6**	**539.2**	**-10.4**

Objective Analysis	2025/26 Budget £m	2025/26 Outturn £m	Variance £m
Corporate Services	116.4	114.6	-1.8
Preparedness & Response	395.8	397.7	1.9
People	9.5	7.9	-1.6
Transformation	0.0	0.0	0.0
Prevention, Protection and Policy	46.3	41.2	-5.2
Communications	3.6	3.8	0.2
Savings review	-9.6	-5.4	4.2
Corporate Optimism Adjustment	0.0	0.0	0.0
Service expenditure excluding SG	**562.0**	**559.8**	**-2.2**
Corporate Services	-30.0	-32.7	-2.7
Prevention, Protection and Policy	-1.3	-3.5	-2.2
Specific Grants	**-31.3**	**-36.2**	**-4.9**
Net service expenditure	**530.7**	**523.6**	**-7.2**

Summary – Key Performance Indicators (Aged Debt) Update

The table below shows the current position for aged debt as at the end of March 2026. Validation is ongoing regarding this position with departments following the implementation of improved internal reporting.

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

Age	Outstanding Debt (£)
30-60 days	201,993
60-90 days	120,393
90-120 days	105,445
120-365 days	792,987
Over 365 days	903,030
Total	**2,123,848**

Summary – Risks to the Financial Position Update

This report presents the outturn position for 2025/26, and all risks or opportunities that were realised in year have been incorporated within the position set out in this report. Risks for 2026/27 are included in the Final Budget report for 2026/27 and will be monitored on as part of Financial Position reporting in 2026/27.

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 Q4 is provided below:

Overall assessment of progress against Climate Budget 25-26	**Quarterly RAG rating**	**Quarterly RAG rating**	**Quarterly RAG rating**	**Quarterly RAG rating**
	Q1	**Q2**	**Q3**	**Q4**
Progress against funded climate measures	Green	Green	Green	Green
Progress against unfunded climate measures	Red	Red	Red	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. We have 6 projects that are Green and on track. LFB have 4 projects which are amber, remain fully funded, however behind on original 2025/26 timescales with likely completion dates September 2026.

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. The three Electric Vehicle (EV) Charging projects will potentially move to table A in future as a Green Fund finance application has been made. It is possible these three projects will be scoped and updated as they are moved to table A.