



Finance Report

Quarter 2, 2025/26

Financial Position as at 30 September 2025

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Introduction and background

This report presents the financial position and forecast outturn for the 2025/26 financial year, as at the end of September 2025 (Q2).

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

Statement of Accounts 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 planned for sign off by 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, with work progressing 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 six months reporting from the new system remains under close review.

Section A

LFC 2025/26 Revenue Summary Main Table

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

The forecast outturn at 30 September 2025 reports a projected overspend of £1.97m for the 2025/26 financial year (<0.4% of the budget). This is being driven by pay inflation above that assumed at the time of budget setting, alongside pressures in Control and FRS staff groups. This represents a £1.0m increase on that reported at Q1.

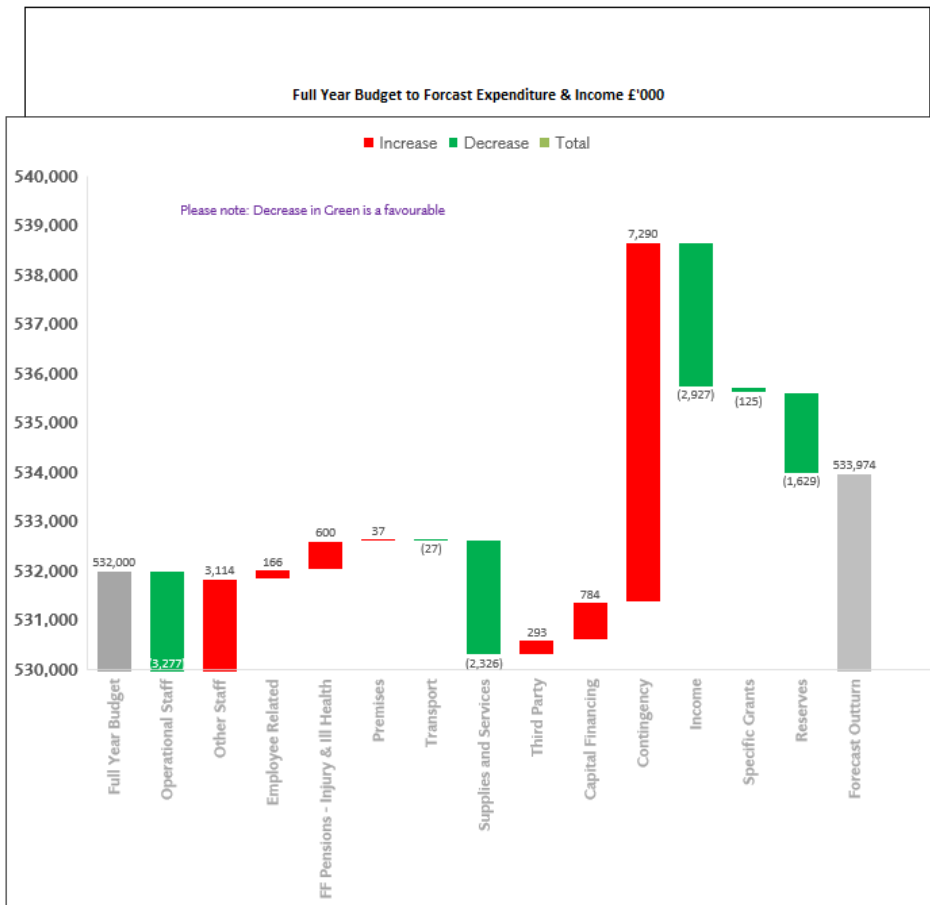
Further information on key variances is provided in the following pages.

London Fire Commissioner Revenue Summary (£'000s)								
	A	B	C = [B - A]	D	E	F = [E - D]	G	H = [E - G]
LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q2	Variance Forecast Outturn vs Revised Budget at Q2	Forecast Outturn at Q1	Variance Forecast Change since Q1
Operational Staff	187,349	183,312	(4,037)	373,451	370,174	(3,277)	363,981	6,193
Other Staff	36,969	41,135	4,166	78,225	81,338	3,114	74,967	6,371
Employee Related	16,639	17,677	1,039	33,752	33,919	166	33,446	473
Firefighter Pensions - Injury & Ill Health	11,799	11,082	(717)	23,598	24,198	600	23,798	400
Premises	25,670	27,520	1,850	51,341	51,378	37	50,560	818
Transport	10,083	10,780	696	20,173	20,146	(27)	19,715	431
Supplies and Services	21,090	18,501	(2,589)	47,173	44,847	(2,326)	42,289	2,558
Third Party	830	490	(341)	2,549	2,842	293	1,808	1,034
Capital Financing	8,739	0	(8,739)	17,477	18,261	784	18,261	0
Contingency	(2,065)	0	2,065	(5,882)	1,408	7,290	6,316	(4,908)
Income	(28,344)	(8,444)	19,900	(61,377)	(64,305)	(2,927)	(57,383)	(6,921)
Net Revenue Expenditure	288,759	302,052	13,293	580,479	584,206	3,728	577,757	6,450
Use of Reserves	(8,250)	0	8,250	(18,896)	(20,526)	(1,629)	(16,500)	(4,026)
Transfer to Reserves	0	0	0	1,700	1,700	0	1,700	0
Financing Requirement	280,509	302,052	21,543	563,282	565,381	2,099	562,957	2,424
Financed by:								
Specific Grants	(15,097)	0	15,097	(31,282)	(31,407)	(125)	(25,615)	(5,792)
GLA Funding	(266,000)	0	266,000	(532,000)	(532,000)	0	(536,400)	4,400
Net Financial Position (Forecast Outturn)	(587)	302,052	302,640	0	1,974	1,974	942	1,032

* *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 challenges in YTD reporting which will be resolved for Q3.

** *Transfer to Reserves* reflects budget planned top-up of General Reserve, with this previously reported under 'Contingency'.

LFC Revenue Summary - Budget to Latest Forecast at Q2



LFC Revenue Summary – Key Variances

Comments

Full Year Latest Forecast vs Budget

The full year forecast outturn at 30 September 2025 shows a projected net overspend (after reserves and grants) of £1.97m.

Operational Staff - underspend of £3.28m

The <0.9 per cent underspend largely relates to Prevention, Protection & Policy with a forecast underspend of £2.8m reflecting vacancies within Fire Safety Delivery. This is due to a skills shortage across the sector with measures continuing to be taken to address this. In addition, a forecast underspend of £1m in relation to Operational Policy & Assurance is offset by savings targets held in Contingency, see below.

Budget reconciliation and realignment associated with recent organisational change will be completed in advance of Q3 reporting.

This is partially offset by £0.77m overspend in Preparedness & Response, largely as a result of budget pressures within Operational Resilience.

The forecast within Fire Stations for operational staff remains largely on budget overall, reflecting a much improved position on the overspend experienced in previous years. Pre-arranged overtime is currently forecast to be £3.4m below that experienced during 2024/25. While total overtime in Fire Stations is tracking above the 2025/26 budget plans in the first six months 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 £3.11m

Overspend of £1.8m is forecast within Preparedness & Response, largely relating to Control staff salaries and overtime. See Preparedness & Response section for further information.

In addition, forecast overspend of £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.

Firefighter Pensions: Injury & Ill-health - overspend of £0.6m

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.

Supplies and Services - underspend of £2.3m

Underspend of £1m is forecast against programme budgets within Prevention, Protection & Policy, reflecting updated spend and funding plans.

In addition, an underspend in Corporate Services of £0.9m is driven by a reduction on Airwave costs, reduced insurance costs, and rephasing of system development spend within ICT.

Comments

Full Year Latest Forecast vs Budget

Capital Financing - overspend of £0.78m

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 £7.29m (of which £2.6m relates to savings elsewhere)

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 £0.5m, and contract reviews of £0.7m. Work continues to ensure that savings are maximised, and alternative options identified where required.

The remaining £2.6m reported overspend is largely as a result of budgeted savings within Prevention, Protection & Policy held on Contingency but being delivered from within staffing budgets through organisational change, see Staffing above. Budget reconciliation and realignment associated with recent organisational change will be completed in advance of Q3 reporting.

Income – over recovery £2.93m

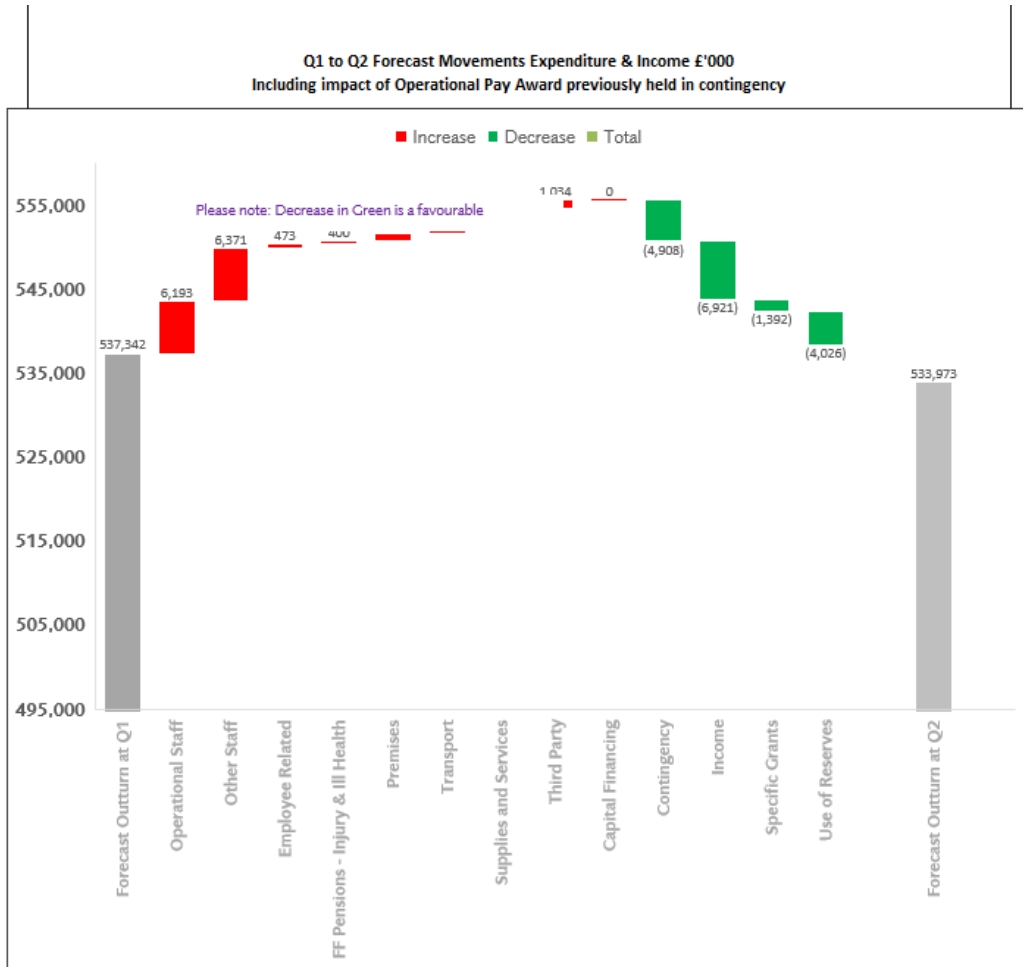
This over recovery largely relates to Corporate Services, with higher than budgeted commercial income within Property & TSS of £0.4m due to timing on new lease changes, a one-off anticipated receipt for way-leave at Park Royal of £0.65m, case settlement within General Counsel of £0.6m, and investment income on cash balances above budget by £0.9m. See offsetting short-term borrowing variance above.

In addition, £0.24m of cost recovery through the Bellwin Scheme for support provided to North Yorkshire Fire & Rescue Service's emergency response to summer wildfires, is forecast within Preparedness & Response.

Use of Earmarked Reserves – increased draw of £1.63m

Following a review of earmarked reserves and projected expenditure plans against them, an additional £1.6m is planned to be released to support the in-year position.

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



LFC Revenue Summary – Key Movements from Q1

Comments Full Year Q2 Forecast vs Q1

The forecast outturn at 30 September 2025 shows an adverse movement of £2.7m on that reported at Q1.

Operational Staff – increased forecast of £6.19m

The increase in forecast is largely as a result of the operational staff pay award now reflected against departmental budgets, where held in central contingency at Q1, with a budget allocation made of £8.7m, the bulk of which sits in Preparedness & Response.

This is partially offset by reductions in forecast within Prevention, Protection & Policy, linked to vacancies and savings delivery.

Other Staff (including FRS and Control Staff groups) – increased forecast of £6.37m [£2.2m net of external funding and reserves]

The underlying movement on forecast, once taking account of updated spending plans on externally funded areas such as Protection Uplift Programme, is an increase of £2.2m.

This is driven by £1.1m pressure linked to vacancy margin on FRS staff in Corporate Services and £0.95m within Preparedness & Response due to an increase in Control & Mobilising, partially offset by reduced forecast in Operational Resilience. See directorate sections for more information.

Employee Related – increase on forecast of £0.47m [£0.13m reduction net of income and reserves]

The underlying movement on forecast, once taking account of updated spending plans on externally funded areas such as Protection Uplift Programme, is a small decrease on forecast of £0.13m, largely driven by reduced insurance costs in Corporate Services.

Firefighter Pensions: Injury & Ill-health – increase on forecast of £0.4m

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

Premises – increase on forecast of £0.82m

The increase in forecast relates to a variety of premises costs within Property & TSS, previously forecast to be underspent in-year. Updated information on areas such as energy costs have led to a revised forecast now more broadly in line with budget.

Transport – increase on forecast of £0.43m

The increase in forecast from that reported at Q1 reflects updated spend profile within Operational Resilience, largely linked to delivery of NILO training.

Supplies and Services – increase on forecast of £2.6m [£0.07m net of income and reserves]

The underlying movement on forecast, once taking account of updated spending plans such as drawing from earmarked reserves, is a very small increase in forecast of £0.07m, relating to Corporate Services.

Comments

Full Year Q2 Forecast vs Q1

Third Party – increase on forecast of £1.03m [£0.14m net of income and reserves]

The change in forecast from Q1 is as a result of the repayment of ring-fenced funds held in Earmarked Reserves in relation to the Emergency Services Network, with a small net increase resulting.

Contingency – reduction on forecast of £4.9m

The reduction in forecast is largely as a result of £8.7m for operational staff pay award now reflected in departmental budgets. £8.2m for this was previously held in central forecasts at Q1, so has led to a resultant net £0.5m increase in forecasts across the organisation.

This is partially offset by increase in forecasts within Preparedness & Response of £1.5m, and Prevention, Protection & Policy of £2.6m due to savings targets held within contingency being delivered on other subjective headings, with budget alignment under review for Q3.

A further £0.7m forecast increase relates to updated projection on contract savings delivery against cross cutting target held of £2.6m, with some savings slipping into next financial year.

Income – increase on forecast of £6.92m [£2.3m net of externally funded expenditure above]

The underlying increase in forecast from that reported at Q1 predominantly relates to Corporate Services. This includes a number of non-recurring in-year benefits such as way-leave receipt at Park Royal of £0.65m, settlement of a long standing legal case within General Counsel of £0.6m, and higher than budgeted commercial income within Property & TSS of £0.4m due to timing on new lease changes. Forecast increases of £0.2m and £0.12m have also been applied to investment income and MFB Act income respectively.

In addition, £0.24m cost recovery through the Bellwin Scheme for support provided to North Yorkshire Fire & Rescue Service's emergency response to summer wildfires has been included in the forecast for Preparedness & Response.

Use of Reserves – increased forecast of £4.03m

This reflects updated in-year draw assumptions on use of earmarked reserves, including investment carry forwards approved at 2024/25 year end, and Protection Uplift Programme. In addition, following a review of earmarked reserves and projected expenditure plans against them, an additional £1.6m is planned to be released to support the in-year position. See reserves section of report for more information.

Specific Grants – increased forecast of £5.79m

The change in forecast from Q1 largely reflects £4.4m of government grant for national insurance contributions, previously forecast under GLA funding, and is a presentational change only. See GLA Funding below.

The balance of the change reflects an updated profile associated with externally funded Protection Uplift Programme within Prevention, Protection & Policy.

GLA Funding – reduction in forecast funding of £4.4m

This reflects a presentation change only in relation to government grant for national insurance contributions. See Specific Grants above.

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

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

The £1.97m forecast overspend largely reflects additional pay inflation costs, along with pressures associated with Control and FRS staff groups, 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]	G	H = [E - G]
Directorate	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q2	Variance Forecast Outturn vs Revised Budget at Q2	Forecast Outturn at Q1	Variance Forecast Change since Q1
Preparedness and Response	198,192	196,878	(1,313)	396,562	398,786	2,225	388,498	10,288
Prevention, Protection and Policy	22,448	19,406	(3,041)	45,610	43,486	(2,125)	44,710	(1,224)
Corporate Services	38,909	80,400	41,491	78,100	80,164	2,063	92,405	(12,242)
People	4,096	3,452	(644)	8,191	8,002	(189)	8,192	(190)
Communications	1,768	1,915	147	3,536	3,536	(0)	3,536	(0)
Total	265,413	302,052	36,640	532,000	533,974	1,974	537,342	(3,368)

Note: Q1 forecast for Corporate Services and Prevention, Protection and Policy has been restated to reflect the realignment of previous Transformation Directorate.

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 Q2	Variance Forecast Outturn vs Revised Budget at Q2	Forecast Outturn at Q1	Variance Forecast Change since Q1
Operational Staff	178,167	175,017	(3,150)	353,849	354,618	769	346,984	7,634
Other Staff	7,366	8,151	784	14,733	16,533	1,800	15,581	951
Employee Related	12,054	12,040	(14)	24,448	24,701	253	24,408	293
Pensions	0	0	0	0	0	0	0	0
Premises	76	269	193	152	152	(0)	152	0
Transport	1,313	1,134	(179)	2,626	2,581	(45)	2,025	556
Supplies and Services	1,943	969	(975)	3,887	3,686	(200)	3,691	(5)
Third Party	0	0	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	(1,287)	0	1,287	(87)	(138)	(50)	(1,638)	1,500
Income	(1,353)	(701)	651	(2,705)	(3,007)	(302)	(2,705)	(302)
Net Revenue Expenditure	198,281	196,878	(1,402)	396,902	399,126	2,225	388,498	10,628
Use of Reserves	0	0	0	(340)	(340)	0	0	(340)
Transfer to Reserves	0	0	0	0	0	0	0	0
Financing Requirement	198,281	196,878	(1,402)	396,562	398,786	2,225	388,498	10,288
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
Net Financial Position	198,281	196,878	(1,402)	396,562	398,786	2,225	388,498	10,288

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

Comments Full Year Latest Forecast vs Budget

Operational Staff – overspend of £0.77m

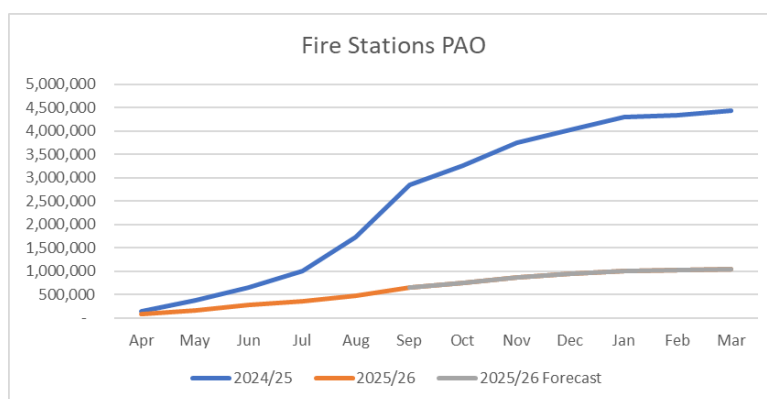
The overspend is largely driven by Operational Resilience with budget pressure forecast against both base salaries and overtime, along with associated on-costs, reflecting the staffing complement currently in place. This includes a number of detachments delivering on national resilience requirements. Further analysis is being underway to review drivers and consider any potential in-year mitigations.

Within Fire Stations, 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 £6.15m for the year, against a budget of £5.8m. The forecast reflects a reduction of £3.1m on that experienced in 2024/25.

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

Pre-arranged overtime (PAO) is currently forecast at £1.04m for the year, a reduction of £3.4m on that experienced during 2024/25. PAO spend of £655k during the first six months of the year is a 77% 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.



The change in forecast from that reported at Q1 largely reflects application of operational staff pay award, previously held in central contingency.

Comments
Full Year Latest Forecast vs Budget

Other Staff – overspend of £1.8m

The overspend relates to Control staff salaries and overtime and is an increase on that reported at Q1. Drivers of costs include sickness and higher than usual levels of maternity leave, project related costs under review for capitalisation, along with advance recruitment in anticipation of retirements and turnover within the service.

Further analysis is being undertaken to review the detail of this and consider potential in-year mitigations.

Employee Related – overspend of £0.25m

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

The increase in forecast reported from Q1 reflects additional expenditure under the Culture Transformation Programme, funded through approved draw on earmarked reserves. See Reserves below.

Transport – underspend of £0.05m

While no material variance is forecast at Q2, the increase in forecast from that reported at Q1 reflects updated spend profile within Operational Resilience, largely linked to delivery of NILO training.

Contingency – underspend of £0.05m

While no material variance is forecast at Q2, the change in forecast from Q1 reflects £1.5m OSU savings target now reflected within Operational Staffing, whereas was previously held on contingency.

Income – over-recovery of £0.3m

The over recovery on income budgets, and corresponding change from that reported at Q1, largely reflects £0.24m cost recovery through the Bellwin Scheme for support provided to North Yorkshire Fire & Rescue Service's emergency response to summer wildfires.

Use of Reserves – change on forecast of £0.34m

While no material variance is forecast at Q2, the change on forecast from Q1 reflects the drawdown of earmarked reserves held in relation to the Culture Transformation Programme. This additional draw on reserves is offset by additional expenditure forecast under Employee Related above.

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 Q2	Variance Forecast Outturn vs Revised Budget at Q2	Forecast Outturn at Q1	Variance Forecast Change since Q1
Operational Staff	8,103	6,337	(1,766)	17,444	13,537	(3,908)	14,947	(1,411)
Other Staff	11,468	13,757	2,288	27,041	27,024	(17)	22,534	4,490
Employee Related	1,369	1,394	26	3,004	3,064	61	2,737	327
Pensions	0	0	0	0	0	0	0	0
Premises	61	79	18	122	124	1	122	2
Transport	133	155	22	273	292	18	267	25
Supplies and Services	3,483	95	(3,388)	10,104	9,080	(1,024)	8,459	621
Third Party	27	(26)	(53)	53	53	(0)	53	(0)
Capital Financing	0	0	0	0	0	0	0	0
Contingency	(1,852)	0	1,852	(3,704)	(1,067)	2,637	(3,720)	2,653
Income	(345)	(2,384)	(2,040)	(5,379)	(5,307)	72	(690)	(4,617)
Net Revenue Expenditure	22,448	19,406	(3,041)	48,959	46,800	(2,158)	44,710	2,090
Use of Reserves	0	0	0	(2,081)	(2,048)	34	0	(2,048)
Transfer to Reserves	0	0	0	0	0	0	0	0
Financing Requirement	22,448	19,406	(3,041)	46,877	44,753	(2,125)	44,710	43
Financed by:								
Specific Grants	0	0	0	(1,267)	(1,267)	0	0	(1,267)
Net Financial Position	22,448	19,406	(3,041)	45,610	43,486	(2,125)	44,710	(1,224)

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

Comments (Full Year Latest Forecast vs Budget)

Operational Staff – underspend of £3.91m

The underspend is largely driven by vacancies within Fire Safety Delivery , with a forecast underspend of £2.8m reported. This is due to a skills shortage across the sector with measures continuing to be taken to address this.

In addition, a forecast underspend of £1m in relation to Operational Policy & Assurance is offset by savings targets held in Contingency, see below.

Budget reconciliation and realignment associated with recent organisational change will be completed in advance of Q3 reporting.

The change in forecast from Q1 reflects updates on both areas above.

Other Staff – underspend of £0.02m

While no material variance is forecast at Q2, the change in forecast from Q1 reflects updated spend profile associated with externally funded Protection Uplift Programme and Building Safety Regulator. This change is offset by updated income and reserve forecasts below.

Employee Related – overspend of £0.06m

While no material variance is forecast at Q2, the change in forecast from Q1 reflects updated spend profile associated with externally funded Protection Uplift Programme and Building Safety Regulator. This change is offset by updated income and reserve forecasts below.

Supplies & Services – underspend of £1.02m

The underspend is largely as a result of reduced expenditure forecast associated with Modern Fire Fighting Projects, including One Risk where Protection Uplift Funding has been applied.

The change in forecast from that reported at Q1 reflects the above reduction, offset by updated spend profile associated with externally funded Protection Uplift Programme and Building Safety Regulator. This change is offset by updated income and reserve forecasts below.

Contingency – overspend of £2.64m

The overspend is largely as a result of budgeted savings held here that are being delivered from within staffing budgets through organisational change, see Staffing above. Budget reconciliation and realignment associated with recent organisational change will be completed in advance of Q3 reporting.

Income – under recovery of £0.07m

While no material variance is forecast at Q2, the change in forecast from Q1 reflects updated funding profile associated with externally funded Protection Uplift Programme and Building Safety Regulator. This change is offset by updated expenditure forecasts above.

Comments
(Full Year Latest Forecast vs Budget)

Use of Reserves – under spend of £0.03m

While no material variance is forecast at Q2, the change in forecast from Q1 reflects updated funding profile associated with externally funded Protection Uplift Programme and Building Safety Regulator. This change is offset by updated expenditure forecasts above.

Specific Grants – no forecast variance

While no material variance is forecast at Q2, the change in forecast from Q1 reflects updated funding profile associated with externally funded Protection Uplift Programme. This change is offset by updated expenditure forecasts above.

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

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

LFC Revenue (£'000s)	YTD Budget	YTD Spend	YTD Variance	Full Year Revised Budget	Forecast Outturn at Q2	Variance Forecast Outturn vs Revised Budget at Q2	Forecast Outturn at Q1	Variance Forecast Change since Q1
Operational Staff	569	1,564	995	1,139	1,000	(139)	1,054	(54)
Other Staff	13,425	14,831	1,406	27,033	28,538	1,505	27,395	1,143
Employee Related	2,922	3,773	851	5,712	5,565	(148)	5,712	(148)
Pensions	11,799	11,082	(717)	23,598	24,198	600	23,798	400
Premises	25,528	27,169	1,640	51,057	51,092	36	50,276	816
Transport	8,538	9,375	837	17,076	17,076	(0)	17,226	(150)
Supplies and Services	15,417	17,269	1,852	32,195	31,092	(1,103)	29,645	1,447
Third Party	798	516	(282)	2,485	2,778	293	1,744	1,034
Capital Financing	8,739	0	(8,739)	17,477	18,261	784	18,261	0
Contingency	1,084	0	(1,084)	(2,071)	2,649	4,720	11,710	(9,061)
Income	(26,653)	(5,179)	21,474	(53,305)	(56,002)	(2,697)	(54,000)	(2,002)
Net Revenue Expenditure	62,167	80,400	18,233	122,395	126,247	3,851	132,820	(6,574)
Use of Reserves	(8,250)	0	8,250	(15,980)	(17,643)	(1,663)	(16,500)	(1,143)
Transfer to Reserves	0	0	0	1,700	1,700	0	1,700	0
Financing Requirement	53,917	80,400	26,483	108,115	110,304	2,188	118,020	(7,717)
Financed by:								
Specific Grants	(15,008)	0	15,008	(30,015)	(30,140)	(125)	(25,615)	(4,525)
Net Financial Position	38,909	80,400	41,491	78,100	80,164	2,063	92,405	(12,242)

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

Comments (Full Year Latest Forecast vs Budget)

Other Staff – overspend of £1.5m

The 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 in Finance. £1.1m of this reflects partial delivery of the £2.8m average vacancy margin held within Corporate Services FRS budgets for 2025/26.

Firefighter Pensions: Injury & Ill-health – overspend of £0.6m

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 – overspend of £0.04m

While no material variance is forecast at Q2, the change in forecast from Q1 reflects updated assumptions on a range of budget lines, including on energy costs that were previously projected to underspend.

Supplies & Services – underspend of £1.1m

The underspend is largely driven by a reduction on Airwave costs within Information & Communication Technology of £650k, and reduced insurance costs of £282k. In addition, where possible, spend within ICT has been re-phased to assist with balancing staffing pressures.

The change in forecast from Q1 includes system project implementation costs funded from reserves, and contract spend within Procurement & Commercial funded by increased savings targets.

Third Party – overspend of £0.29m

The overspend is largely as a result of higher than budgeted audit and other agency costs. The change in forecast from Q1 is as a result of the repayment of ring-fenced funds held in Earmarked Reserves in relation to the Emergency Services Network. This is offset by an increased draw on reserves, see below.

Capital Financing – overspend of £0.78m

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 £4.7m

This overspend is largely being driven by forecast pressure from pay awards of £1.5m, and other budget updates, such as to reflect actual staff costs, of £1.2m.

In addition, slippage is forecast on cross cutting savings held centrally including data management review of £0.53m, process efficiencies of £0.5m, and contract reviews of £0.7m. Work continues to ensure that savings are maximised, and alternative options identified where required.

The change in forecast since Q1 largely reflects operational staff pay award, previously forecast centrally, and now reflected on individual departmental budgets.

Comments
(Full Year Latest Forecast vs Budget)

Income – over recovery of £2.7m

This over recovery is largely driven by higher than budgeted commercial income within Property & TSS of £0.4m due to timing on new lease changes, a one-off anticipated receipt for way-leave at Park Royal of £0.65m, case settlement within General Counsel of £0.6m, and investment income on cash balances above budget by £0.9m. See offsetting short-term borrowing variance above.

The change in forecast since Q1 largely reflects a number of the above one-off in-year benefits now firmed up in figures.

Use of Reserves – increased draw above budget of £1.6m

Following a review of earmarked reserves and projected expenditure plans against them, an additional £1.6m is planned to be released to support the in-year position. The remaining change on forecast from Q1 reflects draw of approved reserves held for projects and offsets supplies and services above. See reserves section of report for more information.

Specific Grants – over recovery of £0.13m

While no material variance is forecast at Q2, the change in forecast from Q1 largely reflects £4.4m of government grant for national insurance contributions, previously forecast under GLA funding, and is change of presentation only.

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 Q2	Variance Forecast Outturn vs Revised Budget at Q2	Forecast Outturn at Q1	Variance Forecast Change since Q1
Operational Staff	509	381	(129)	1,019	1,019	0	995	24
Other Staff	3,228	2,777	(452)	6,457	6,266	(190)	6,480	(213)
Employee Related	272	359	87	543	543	0	543	0
Pensions	0	0	0	0	0	0	0	0
Premises	0	1	1	0	0	0	0	0
Transport	50	35	(15)	101	101	0	101	0
Supplies and Services	26	79	53	548	549	1	54	495
Third Party	0	0	0	0	0	0	0	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	10	0	(10)	19	19	(0)	19	0
Income	0	(179)	(179)	0	0	0	0	0
Net Revenue Expenditure	4,096	3,452	(644)	8,686	8,497	(189)	8,192	305
Use of Reserves	0	0	0	(495)	(495)	0	0	(495)
Transfer to Reserves	0	0	0	0	0	0	0	0
Financing Requirement	4,096	3,452	(644)	8,191	8,002	(189)	8,192	(190)
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
Net Financial Position	4,096	3,452	(644)	8,191	8,002	(189)	8,192	(190)

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

Comments (Full Year Latest Forecast vs Budget)
<p>Other Staff – underspend of £0.2m The underspend reflects current staffing profile and recruitment plans over the remainder of the year, being tightly managed against organisational change deliverables.</p> <p>Supplies & Services – no variance reported While no variance is reported at Q2, the increase on forecast from Q1 reflects outsourced discrimination, bullying and harassment cases along with ongoing support to the Professional Standards Unit, funded from earmarked reserves. See below.</p> <p>Use of Reserves – no variance reported While no variance is reported at Q2, the increase on forecast from Q1 reflects approved draw from earmarked reserves to fund outsourced discrimination, bullying and harassment cases along with ongoing support to the Professional Standards Unit. See supplies & services above.</p>

Other Staff – underspend of £0.2m

The underspend reflects current staffing profile and recruitment plans over the remainder of the year, being tightly managed against organisational change deliverables.

Supplies & Services – no variance reported

While no variance is reported at Q2, the increase on forecast from Q1 reflects outsourced discrimination, bullying and harassment cases along with ongoing support to the Professional Standards Unit, funded from earmarked reserves. See below.

Use of Reserves – no variance reported

While no variance is reported at Q2, the increase on forecast from Q1 reflects approved draw from earmarked reserves to fund outsourced discrimination, bullying and harassment cases along with ongoing support to the Professional Standards Unit. See supplies & services above.

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 Q2	Variance Forecast Outturn vs Revised Budget at Q2	Forecast Outturn at Q1	Variance Forecast Change since Q1
Operational Staff	0	13	13	0	0	0	0	0
Other Staff	1,481	1,620	139	2,961	2,978	16	2,978	(0)
Employee Related	23	111	89	45	45	0	45	0
Pensions	0	0	0	0	0	0	0	0
Premises	5	3	(2)	10	10	(0)	10	0
Transport	48	80	32	97	97	(0)	97	0
Supplies and Services	220	88	(132)	440	440	0	440	0
Third Party	5	0	(5)	11	11	(0)	11	0
Capital Financing	0	0	0	0	0	0	0	0
Contingency	(19)	0	19	(39)	(55)	(16)	(55)	0
Income	6	0	(6)	12	12	(0)	12	0
Net Revenue Expenditure	1,768	1,915	147	3,536	3,536	(0)	3,536	(0)
Use of Reserves	0	0	0	0	0	0	0	0
Transfer to Reserves	0	0	0	0	0	0	0	0
Financing Requirement	1,768	1,915	147	3,536	3,536	(0)	3,536	(0)
Financed by:								
Specific Grants	0	0	0	0	0	0	0	0
Net Financial Position	1,768	1,915	147	3,536	3,536	(0)	3,536	(0)

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

<p style="text-align: center;">Comments (Full Year Latest Forecast vs Budget)</p>
<p>At Q2 no material variances have been identified for the Communications Directorate.</p> <p>While some underlying risk has been identified within staffing budgets, due to maternity leave costs within the Directorate and delivery of the average vacancy margin, options to contain this are under review.</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.

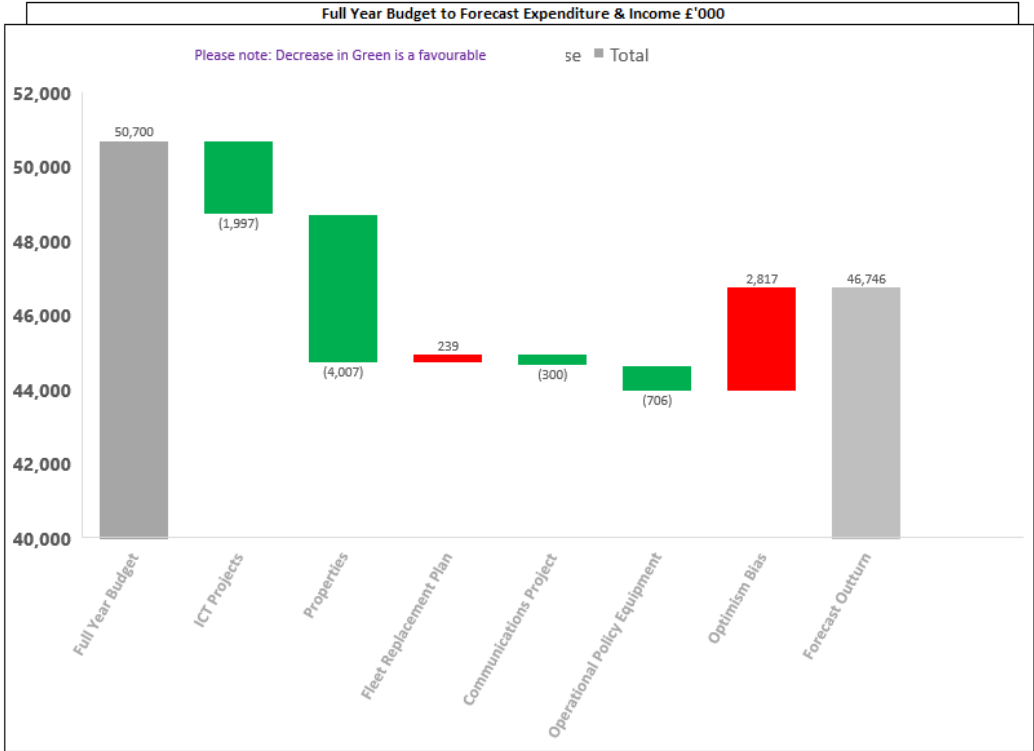
At Q2 capital programme spend of £46.7m is forecast, with the resultant £3.9m underspend largely driven by slippage in Property project spend and the reclassification of the ICT project 'Operational Risk Database' as revenue expenditure (reflected in the revenue budget and forecast).

The optimism bias adjustment of £5.6m included fully in the forecast at Q1 has been reduced by £2.8m reflecting the mid-point of the year.

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 Q3 reporting.

London Fire Commissioner Capital Summary (£'000s)							
	Full Year Original Budget	Forecast Outturn at Q2	Variance Q2 Forecast vs Budget	Forecast Outturn at Q1	Change on Forecast Q2 vs Q1	Actual Year to date Spend	Percentage of Budget
LFC Capital (£'000s)							
ICT Projects	11,823	9,826	(1,997)	9,967	(141)	tbc	
Properties	41,731	37,724	(4,007)	41,731	(4,007)	tbc	
Fleet Replacement Plan	1,736	1,975	239	1,734	241	tbc	
Communications Project	300	0	(300)	300	(300)	tbc	
Operational Policy Equipment	743	38	(706)	743	(706)	tbc	
Optimism Bias	(5,633)	(2,817)	2,817	(5,633)	2,817	tbc	
Total Capital Expenditure	50,700	46,746	(3,954)	48,842	(2,096)	tbc	
Financed by:							
Reserves	0	0	0	0	0		
Capital Receipts	0	0	0	0	0		
Capital Grants	618	618	0	618	0		
Borrowing	50,082	46,128	(3,954)	48,224	(2,096)		
Total Financing	50,700	46,746	(3,954)	48,842	(2,096)		

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 £46.7m is reported on the capital programme against the original approved budget of £50.7m, a reduction of £3.95m.

ICT Projects – forecast underspend of £2m

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 slipped from 2024/25:

- £610k Virtual Machine (VM) Server Environment Hosts

Property Project – forecast underspend of £4m

This variance is mainly driven by reprofiling of Salix projects into future financial years of £3.4m. In addition the minor improvement programme has also been reprofiled into future years by £1.5m, and is partially offset by a £0.7m increase on the roof replacement programme.

Fleet Replacement Plan – forecast overspend of £0.2m

This variance is largely driven by costs associated with the purchase of extreme weather vehicles of £0.3m partially offset by reprofiling of £0.1m on operational equipment.

Communications Project – forecast underspend of £0.3m

This variance reflects planned work around the museum and events space now reprofiled to future years as part of the new HQ project.

Operational Policy Equipment – forecast underspend of £0.7m

The variance reflects to forecast underspends on Body Worn Videos of £0.45m and Firefighting Fitness Test equipment of £0.26m.

Programme wide optimism – a programme wide adjustment was applied at the time of budget setting of £5.6m. This has been reduced by 50% to £2.8m at Q2, reflecting the mid-point of the year and will be kept under review for Q3.

Section C – Further Information

Summary – Savings Update

The table below presents the current status of savings agreed as part of the budget 2025/26. It should be noted that whilst some areas are not delivering the full savings planned, additional savings and income have been identified to offset these pressures. Additional information on these areas is set out within Part A of this report. 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	A	This reflects planned reductions on FRS staff spend, managed through an increase in the Vacancy Margin. FRS staff spend is currently forecasting to be £1m over budget
Reduction in operational overtime through measures including lower sickness levels (£3m)	3.0	A	Operational overtime is now forecasting an overspend of £0.4m, however other types of overtime and costs such as direct standbys increase this to a £2.2m overspend.
Contracts Review (£2m)	2.0	A	Revenue savings now forecast a £0.7m under delivery, although it should be noted that the workstream has also delivered savings against capital, and cost avoidance.
Process Opportunities Project (£1m)	1.0	R	Due to delays to the start of the project, savings are now expected of £0.5m in 2025/26, with further savings in 2026/27 to meet the target.
Data Provision (£0.6m)	0.6	R	Savings are now expected to be £0.1m in 2025/26 with remainder expected in 2026/27.
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	G	This follows assessment and prioritisation through the Performance, Risk and Assurance Board of programme budgets in 2025/26.
Total Savings	28.2		

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.
- 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.
- 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 £1.3m of cashable savings 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 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 2025/26.

Summary – Reserves Position Update (1/2)

The balance on Reserves at March 2026 is forecast at £28.1m, a movement of £24.2m against the opening balance at March 2025 of £52.3m.

The revised forecast balance at March 2026 is a reduction of £0.7m 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 £7.7m 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.

Opening reserve balances may be subject to change 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 forecast at £14.2m, 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.

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 replenished to 3.5 per cent 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
2025/26 MTFS Planned Top-up	1,700
Forecast Overspend at Q2	-1,974
Q2 Forecast balance on General Reserve at March 2026	14,168

Forecast balance on General Reserve at March 2026 reported at Q1	15,200
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Change since Q1 Forecast	-1,032
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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 £13.9m, a net movement of £23.9m 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 Q2 Figures		Current Full Year Forecast for 2025/26		Movement on 2025/26 Budget Plan		Movement on Q1 Forecast		Movement on 2025/26 Budget Plan	
		Reserve Movements	Balance at 30/09/25	Full Year Forecasted use of Reserves	Forecasted Balance at 31/03/26	Full Year Forecast as per Budget Plan	Q2 Forecast Movement on Budget Plan	Full Year Forecast as per Q1	Q2 Forecast Movement on Q1	Balance as at 31/03/26 as per Budget Plan	Q2 Forecast Movement on Budget Plan
LFB Reserves £'000											
Building Safety Regulator	1,956		1,956		1,956		0		0	1,700	256
Fire Safety and Youth Engagement	6,566	(2,048)	4,519	(2,048)	4,519	(1,500)	(548)	(1,500)	(548)	2,900	1,619
London Resilience	819	(819)	0	(819)	0	(559)	(260)	(559)	(260)	260	(260)
LFB Museum Project	80	(80)	0	(80)	0	(80)	0	(80)	0		0
Fire Safety Improvement	17,785	(10,400)	7,385	(10,760)	7,025	(10,400)	(360)	(10,400)	(360)	5,500	1,525
Emergency Services Mobile Communication Programme	888	(888)	0	(888)	0	(888)	0	(888)	0		0
MTA Reserve	186	(186)	0	(186)	0	(194)	8	(194)	8		0
Vehicle & Equipment Reserve	1,355	(1,355)	0	(1,355)	0	(1,355)	0	(1,355)	0		0
Community Risk Management Plan	1,921	(1,868)	53	(1,921)	0	(1,868)	(53)	(1,868)	(53)		0
Grenfell Infrastructure Reserve	215	(215)	0	(215)	0	(215)	0	(215)	0		0
Sustainability	171	(171)	0	(171)	0	(171)	0	(171)	0		0
ICT Development Reserve	1,075	(725)	350	(725)	350	(272)	(453)	(272)	(453)		350
Recruitment Reserve	1,042	(1,042)	0	(1,042)	0	(642)	(400)	(642)	(400)		0
Leadership Reserve	27	(27)	0	(27)	0	(13)	(14)	(13)	(14)		0
HR Reserve	107	(107)	0	(107)	0		(107)		(107)		0
Communications	110	(30)	80	(30)	80		(30)		(30)		80
Pension Earmarked Reserve	1,075	(755)	320	(1,075)	0		(1,075)		(1,075)	1,075	(1,075)
Finance Reserve	15	(15)	0	(15)	0	(15)	0	(15)	0		0
2024/25 Investment Carry Forward	1,687	(1,030)	657	(1,687)	0		(1,687)	(1,687)	0		0
Budget Flexibility	795	(465)	330	(795)	0		(795)	(795)	0		0
TOTAL Earmarked Reserves	37,876	(22,226)	15,651	(23,946)	13,930	(18,172)	(5,774)	(20,654)	(3,292)	11,435	2,495
General Reserve	14,442	1,700	16,142	(274)	14,168	1,700	(1,974)	758	(1,032)	17,400	(3,232)
TOTAL Reserves	52,318	(20,526)	31,792	(24,220)	28,098	(16,472)	(7,748)	(19,896)	(4,324)	28,835	(737)

Summary – Revenue Budget Movements Update (1/1)

The table below sets out the key movements in Q2 budget figures, from that reflected in the LFC approved budget and reported at Q1.

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

LFC Revenue (£'000s)	Reported Budget at Q1	Revised Budget at Q2	Change	Explained by:										
				Operational Staff 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	364,795	373,451	8,656	8,768		1,238		(1,500)						150
Other Staff	74,459	78,225	3,766			4,104				115				(453)
Employee Related	33,146	33,752	606			266				340				0
Firefighter Pensions - Injury & Ill Health	23,598	23,598	0											0
Premises	50,760	51,341	581											581
Transport	19,715	20,173	458			7								452
Supplies and Services	43,305	47,173	3,867			1,726				1,360				781
Third Party	1,661	2,549	888									888		(0)
Capital Financing	17,477	17,477	(0)											(0)
Contingency	6,066	(5,882)	(11,948)	(8,768)		(804)	(1,700)	1,500			(178)	(888)		(1,110)
Income	(56,288)	(61,377)	(5,089)			(4,689)								(400)
Net Revenue Expenditure	578,693	580,479	1,786	0	0	1,849	(1,700)	0	1,815	(178)	0	0	0	(0)
Use of Reserves	(16,500)	(18,896)	(2,396)			(581)				(1,815)				0
Transfer to Reserves	0	1,700	1,700				1,700							0
Financing Requirement	562,193	563,282	1,089	0	0	1,267	0	0	0	(178)	0	0	0	(0)
Financed by:														
Specific Grants	(25,793)	(31,282)	(5,489)		(4,400)	(1,267)				178				(0)
GLA Funding	(536,400)	(532,000)	4,400		4,400									0
Net Financial Position (Forecast Outturn)	0	0	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 Q2 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	503.1	510.9	7.8
Premises costs	51.3	51.4	0.0
Transport costs	20.2	20.1	-0.0
Supplies and Services	47.2	44.8	-2.3
Third party payments	2.5	2.8	0.3
Capital financing costs	17.5	18.3	0.8
Total gross expenditure	641.9	648.4	6.6
Sales, fees and charges	-59.9	-61.9	-2.0
Specific grants	-31.3	-31.3	0.0
Interest receivable	-1.5	-2.4	-0.9
Total gross income	-92.7	-95.6	-2.9
Net expenditure	549.2	552.8	3.6

	2025/26 Budget £m	2025/26 Forecast £m	Variance £m
Objective Analysis			
Corporate Services	116.1	118.3	2.2
Preparedness & Response	396.9	399.1	2.2
People	8.7	8.5	-0.2
Transformation	0.0	0.0	0.0
Prevention, Protection and Policy	48.9	46.8	-2.1
Communications	3.5	3.5	0.0
Savings review	-9.6	-7.9	1.7
Service expenditure excluding SG	564.5	568.4	3.8
Corporate Services	-30.0	-30.1	-0.1
Prevention, Protection and Policy	-1.3	-1.3	0.0
Specific Grants	-31.3	-31.4	-0.1
Net service expenditure	533.2	536.9	3.6

Note - Figures exclude additional £1.6m earmarked reserves draw to support in-year position

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 2, with a full update planned for Quarter 3.

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

The highest rated risks currently for the current year are:

- **Operational Budget Volatility** – increasing, and often seasonal demands, have budgetary impact on front line delivery. While significant reductions on key areas of budget pressure such as overtime have been made over the past two years, responding to issues such as wildfires 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 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.
- **New Finance & Purchasing system** – period of transition has the potential to impact data used for forecast modelling, particularly for non-staff costs.
- **New HR & Payroll system** – impact of changes to implementation date being assessed against resources held for the project.

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 Q2 is provided below:

Overall assessment of progress against Climate Budget 2025-26	Quarterly RAG rating	Quarterly RAG rating
	Q1	Q2
Progress against funded climate measures	Green	Green
Progress against unfunded climate measures	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.