

SCOTTISH FIRE AND RESCUE SERVICE
The Board of Scottish Fire and Rescue Service



Report No: 9

Agenda Item: B/FCS/12-17

Report to:	THE BOARD OF SCOTTISH FIRE AND RESCUE SERVICE
Meeting Date:	31 AUGUST 2017
Report Title:	RESOURCE BUDGET MONITORING – JULY 2017
Report Classification:	FOR NOTING

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Sponsored by:	Sarah O'Donnell, Director of Finance & Contractual Services
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Links to Strategy
Our Money & Our Performance – SFRS Strategic Plan 2016 - 2019

Governance Route for Report	Meeting Date	Comment
<i>Strategic Leadership Team</i>	<i>28 August 2017</i>	<i>For Noting</i>
<i>SFRS Board</i>	<i>31 August 2017</i>	<i>For Noting</i>

1	Purpose
1.1	To advise the Board of the Resource Budget position for the period ending 31 July 2017.

2	Background
2.1	The Scottish Government has allocated funding to SFRS for 2017/18 of £316.4million. This funding comprises a Resource and Capital Departmental Expenditure Limit (DEL) of £259.221million and £32.5million respectively, and £24.679million in respect of depreciation (Ring-fenced or “non-cash” DEL).
2.2	The total Resource Budget for 2017/18 is £262.821million, in line with the resource funding from the Scottish Government (£259.221million) plus the surplus on property sales (£3.600million), which is recognised within the Resource Budget.
2.3	Following the budget revisions issued by Scottish Government in August 2017 funds in respect of Firelink (£4.261m) and Scottish Public Pension Authority Charges (£0.314m) were transferred back to the Scottish Government, from where the charges will be paid. These changes have resulted in a revised Resource budget of £258.858million.

3	Main Report and Discussion
3.1	A summary of the consolidated financial position at this stage in the financial year is attached at Appendices A and B.
3.2	These reports detail the current overspend against budget of £0.093million . The forecast year-end position at this stage shows an underspend of £0.156million.

4	Key Strategic Implications
4.1	Financial
4.1.1	The financial implications are detailed within the report.
4.2	Legal
4.2.1	Not applicable
4.3	Performance
4.3.1	Not applicable
4.4	Environmental & Sustainability
4.4.1	Not applicable
4.5	Workforce
4.5.1	Not applicable
4.6	Health & Safety
4.6.1	Not applicable
4.7	Timing
4.7.1	Not applicable
4.8	Equalities
4.8.1	Not applicable
4.9	Risk
4.9.1	Not applicable
4.10	Communications & Engagement
4.10.1	Not applicable
4.11	Training
4.11.1	Not applicable

5	Recommendation
5.1	The Board is asked to approve the following recommendation: <ul style="list-style-type: none"> That the resource budget position for the period ending 31 July 2017 is noted.

6	Core Brief
6.1	The Director of Finance and Contractual Services advised the Board of the resource budget position for the period ending 31 July 2017 which shows a current overspend against budget of £0.093million, with a forecast year-end underspend of £0.156million.

7	Appendices/Further Reading
7.1	Appendix A provides a summary of the consolidated financial position at this stage in the financial year.
7.2	Appendix B provides an explanation of the current significant variances relative to budget.

SCOTTISH FIRE & RESCUE SERVICE
Resource Budgetary Control Report 2017/18

£000

Period 4			1 April 2017 -31st July								Last Month's Year End Forecast Variance	Last Year's Actuals
Original Budget (1)	Virements (2)	Revised Annual Budget (1)+(2) (3)	Narrative	Year to Date				Year-End Projection				
				Budget (4)	Actual (5)	Variance		Forecast (8)	Variance			
						£ (4)-(5) (6)	% (6)/(4) (7)		£ (3)-(8) (9)	% (9)/(3) (10)		
207,508	(1,042)	206,466	Employee Costs	67,803	67,843	(40)	-0.1%	206,098	368	0.2%	191	203,609
200,106	(706)	199,400	Employee Salary Costs	65,999	65,977	22	0.0%	198,897	503	0.3%	215	196,470
140,678	(669)	140,009	Wholetime	46,521	46,750	(229)	-0.5%	139,767	242	0.2%	60	141,716
7,157	(113)	7,044	Control	2,320	2,230	90	3.9%	7,041	3	0.0%	-	8,270
23,581	-	23,581	Retained	7,703	8,039	(336)	-4.4%	23,671	(90)	-0.4%	-	23,007
28,690	76	28,766	Support	9,455	8,958	497	5.3%	28,418	348	1.2%	155	23,477
7,402	(336)	7,066	Employee Other Costs	1,804	1,866	(62)	-3.4%	7,201	(135)	-1.9%	(24)	7,139
3,877	10	3,887	Ill Health Early Retirement Charges	892	885	7	0.8%	3,879	8	0.2%	-	4,138
525	-	525	Training	145	182	(37)	-25.5%	598	(73)	-13.9%	(5)	506
1,220	191	1,411	Subsistence	422	447	(25)	-5.9%	1,467	(56)	-4.0%	(30)	1,105
1,780	(537)	1,243	Other	345	352	(7)	-2.0%	1,257	(14)	-1.1%	11	1,390
20,688	101	20,789	Property Costs	4,378	4,416	(38)	-0.9%	20,854	(65)	-0.3%	14	20,939
17,611	940	18,551	Supplies & Services	7,681	7,694	(13)	-0.2%	18,598	(47)	-0.3%	(4)	16,193
8,696	-	8,696	Transport Costs	3,426	3,373	53	1.5%	8,606	90	1.0%	48	9,184
1,077	7	1,084	Third Party Payments/Council Charges	310	318	(8)	-2.6%	1,092	(8)	-0.7%	(2)	2,313
3,278	(5)	3,273	Financing	221	221	-	0.0%	3,267	6	0.2%	7	3,815
-	-	-	Unallocated Savings	-	-	-	0.0%	-	-	0.0%	-	-
258,858	1	258,859	GROSS EXPENDITURE	83,819	83,865	(46)	-0.1%	258,515	344	0.1%	254	256,053
(612)	(1)	(613)	Income	(201)	(154)	(47)	23.4%	(425)	(188)	30.7%	(197)	(1,109)
258,246	-	258,246	NET EXPENDITURE	83,618	83,711	(93)	-0.1%	258,090	156	0.1%	57	254,944

APPENDIX B

SCOTTISH FIRE & RESCUE SERVICE

Resource Budget Monitoring Report

For Period Ending 31 July 2017

INTRODUCTION

The attached report covers the period 1 April 2017 – 31 July (33.3% of the financial year) and highlights a year to date overspend of £0.093 million (0.1% of the year to date budget) with a forecast underspend of £0.156 million (0.1% of the full year budget).

	£000
1 WHOLETIME FIREFIGHTERS	
1.1 Year to Date	229 OVER
<p>Wholetime salary costs are currently £229,000 overspent, representing 0.5% of budget.</p> <p>This overspend relates to a combination of wholetime salaries which are underspent by £118,000 and overtime which is overspent by £347,000.</p> <p>Included within the salary costs underspend there is a £110,000 overspend due to an increase in the level of Flexi Duty Managers required to cover sickness and project work.</p> <p>The overspend in overtime is being effectively managed and has been, incurred in preparation for the implementation of the five Watch Duty System (5WDS) and ensuring operational cover is maintained. The introduction of the new rota system will result in a different spend pattern than seen in previous years.</p> <p>It is anticipated that as the national 5WDS develops over the coming months, and employment terms & conditions that limit full mobility of staff are harmonised, there will be a reduction in the use of overtime to maintain operational cover.</p>	
1.2 Forecast	242 UNDER
<p>Wholetime salary costs are forecast to be £242,000 underspent representing 0.2% of budget.</p> <p>The forecast for salary costs is expected to result in an underspend of £927,000. This is partially offset by an increase in overtime costs which are anticipated to overspend by £685,000 due to the requirement to maintain operational cover.</p> <p>The forecast for salaries includes the planned recruitment of new firefighter trainees later in the financial year.</p>	

The forecast includes a 1% pay increase for uniformed personnel from July 2017, in line with the budget. Pay negotiations remain ongoing with the most recent offer made being in excess of this level. It is assumed at this stage that any agreed pay award beyond that budgeted would be fully funded by the Scottish Government and as such would have no adverse impact on the Service budget for 2017/18.

1.3 Action to be Taken

Service Delivery and Finance Decision Support are working with Central staffing establish a process to consolidate the daily crewing reports. Once implemented this will allow a summary of the overtime cost drivers to be reported.

Overtime will continue to be monitored to ensure it is managed within the overall Wholetime staff budget.

Overtime monitoring groups within each of the SDA areas will be re-focused to monitor and review overtime at a local level.

The allocation of the Flexi Duty Manager budget between directorates should be reviewed to ensure it meets current service requirements.

2 CONTROL FIREFIGHTERS

2.1 Year to Date 90 UNDER

Control Firefighter costs are currently £90,000 underspent, representing 3.9% of budget.

This underspend reflects the vacancies seen in the Control rooms at the start of the year, the majority of which have now been filled.

2.2 Forecast 3 UNDER

Control Firefighter costs are forecast to be £3,000 underspent, representing 0.04% of budget.

The forecast reflects the continuation of the current 1.4 vacancies until August and the additional costs for the three employees carrying out Wholetime roles for the duration of the financial year.

2.3 Action to be Taken

The planned recruitment of Control staff will address the current vacancies.

3 RETAINED AND VOLUNTEER FIREFIGHTERS

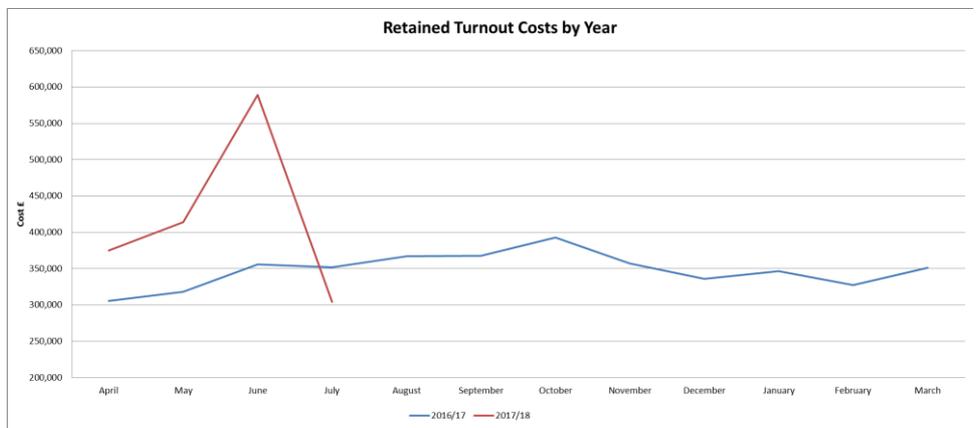
3.1 Year to Date

336 OVER

Retained and Volunteer costs are currently £336,000 overspent, representing 4.4% of budget.

The first quarter of this year saw the highest level of Retained activity since 2010, due mainly to the high number of wildfires and very dry conditions. This resulted in an overspend in turnout and disturbance fees of £372,000. This overspend was partially offset by underspends in retaining fees.

The graph below clearly shows the spike in payments for Retained turnouts in the first quarter of the year.



3.2 Forecast

90 OVER

Retained and Volunteer costs are forecast to be £90,000 overspent, representing 0.4% of budget

The forecast accounts for the spike in activity in the first quarter of the year which is not expected to continue for the remainder of the year and the current levels of underspend being seen in retaining fees and drill nights.

It should be noted that Retained costs are volatile and demand led in nature. They will continue to be closely monitored over the coming months.

3.3 Action to be Taken

Finance Decision Support will continue to work with LSOs and HR to produce monitoring reports which highlight any variances from budget, allowing necessary action to be taken.

4 SUPPORT STAFF

4.1 Year to Date 497 UNDER

Support staff costs are currently £497,000 underspent, 5.3% of budget, the result of vacant posts throughout the Service.

The majority of the underspend, 57%, is within the Finance and Contractual Services Directorate primarily the result of delays in recruitment whilst restructures are finalised.

Vacancies within; People and Organisational Development Directorate accounts for a further 16%; Strategic Planning, Performance and Communications 15% and Response and Resilience 10%.

There was a net reduction of three support employees during this month.

4.2 Forecast 348 UNDER

Support staff costs are forecast to be £348,000 underspent, 1.2% of budget.

The forecast recognises that there will be fewer permanent employees in post than budgeted for the reasons explained in 4.1.

Managers are therefore utilising their budgets to employ temporary resource e.g. agency staff / private contractors to maintain business continuity and enable development projects to be driven forward.

4.3 Action to be Taken

Recruitment plans are in place to fill Support staff vacancies.

All restructures should be reviewed by a Finance Business Partner to ensure they are cost neutral.

Finance Decision Support will continue to work with budget holders to produce staffing monitoring reports which highlight any variances from budget, allowing necessary action to be taken.

5.0 TRAINING

5.1 Year to Date 37 OVER

Training costs are currently £37,000 overspent, 25.5% of budget.

This overspend relates mainly to Support staff within the Asset Management function and relates to training in the maintenance of operational equipment (gas detectors, hydraulic equipment and ladders) and operating fork-lifts.

5.2 Forecast 73 OVER

Training costs are forecast to be £73,000 overspent, 13.9% of budget.

The final costs associated with training Asset Management staff, highlighted in 5.1 above, is forecast to result in an overspend of £67,000 by year-end.

In addition, training for staff on development grades and reduced salaries that require additional qualifications to increase their competence is forecast to result in a £4,000 overspend. This overspend should be seen in conjunction with the Support staff underspend.

Other training costs are forecast to overspend by £2,000.

5.3 Action to be Taken

All third party training costs should be identified and included within the centrally controlled training budget set.

All business cases for new equipment should consider the requirement for maintenance training as well as operational training.

6.0 SUBSISTENCE

6.1 Year to Date 25 OVER

Subsistence costs are currently £25,000 overspent, 5.9% of budget.

The overspend in Subsistence costs should be seen in conjunction with the underspend in Transport costs highlighted in section 10.1.

6.2 Forecast 56 OVER

Subsistence costs are forecast to overspend by £56,000, 4% of budget.

The forecast is broadly in line with the year to date run rate.

6.3 Action to be Taken

This overspend should be seen in conjunction with the underspend in Transport costs.

7.0 OTHER EMPLOYEE COSTS

7.1 Year to date

7 OVER

Other employee costs are £7,000 overspent, 2% of budget.

This overspend is the result of accommodation costs for a seconded employee offset partially by an underspend in Apprenticeship Levy charges.

The accommodation costs for the seconded employee will be recovered from London Fire Service and are recorded within the Wholetime staff costs.

The underspend in the Government's Apprenticeship Levy charge, which is based on a percentage of the organisation's staffing bill, is due to staff vacancies.

7.2 Forecast

14 OVER

Other employee costs are forecast to be £14,000 overspent, 1.1% of budget.

The accommodation costs for the seconded officer are forecast to result in a £23,000 overspend. The recovery of these costs is reflected in the forecast for Wholetime Firefighter costs (section 1.2 above).

The underspend, in respect of the Governments Apprenticeship Levy, is expected to rise to £9,000 by year end.

7.3 Actions to be Taken

This overspend should be seen in conjunction with the forecast underspend in Wholetime Firefighter costs.

8.0 PROPERTY

8.1 Year to Date

38 OVER

Property costs are currently £38,000 overspent, 0.9% of budget.

Included within the overspend is; £34,000 for security at Claverhouse following a number of break-ins and £25,000 for road signage and graphics for the Service Headquarters in Cambuslang.

These overspends are partially offset by an underspend in utility costs of £23,000.

Other property costs are £2,000 overspent.

8.2 Forecast

65 OVER

Property costs are forecast to overspend by £65,000, 0.3% of budget.

The forecast reflects the continuation of the overspend seen in the first four months of the year with security costs accounting for £102,000 and road signage and graphics a further £25,000.

This is partially offset by a forecast underspend in utility costs of £70,000.

Other property costs are forecast to be £8,000 overspent.

8.3 Action to be Taken

Work will continue to review utility costs and to highlight areas of opportunity for further savings.

Work is underway to explore opportunities for reducing security costs.

9.0 SUPPLIES AND SERVICES

9.1 Year to Date

13 OVER

Supplies and Service costs are £13,000 overspent, 0.2% of budget.

Purchases of Out of Hospital Cardiac Arrest (OHCA) equipment. Accounts for £8,000 of the overspend and other non-centralised operational equipment a further £8,000, which includes £2,000 for training equipment.

Other Supplies and Services are £3,000 underspent.

9.2 Forecast

47 OVER

Supplies and Service costs are forecast to overspend by £47,000, 0.3% of budget.

The overspend in relation to OHCA equipment is forecast to remain constant at £8,000 for the remainder of the year.

The overspend on other non-centralised operational equipment is forecast to increase to £14,000, of which £7,000 relates to training equipment.

Printing costs are forecast to overspend by £18,000 mainly due to the requirement to issue aide-memoires to all uniformed ranks, relating to recommendations from the Balmoral Bar enquiry.

Laundry costs are forecast to overspend by £14,000 spread across all areas of the Service.

The above overspends are partially offset by a forecast underspend in Media Service costs of £7,000, the result of an exercise which has consolidated a range of historical disparate arrangements.

9.3 Action to be Taken

All devolved budgets are being reviewed to identify areas to offset this area of overspend.

10.0 TRANSPORT COSTS

10.1 Year to Date 53 UNDER

Transport costs are underspent by £53,000, 1.5% of budget.

Travel costs are £30,000 underspent and should be seen in conjunction with the overspend in Subsistence costs highlighted in section 6.1.

Lease car costs are £23,000 underspent.

10.2 Forecast 90 UNDER

Transport costs are forecast to be £90,000 underspent representing 1% of budget.

The forecast underspend for travel costs is expected to rise to £37,000 during the year. This reflects savings in travel costs and the wider adoption of video conferencing facilities across the Service.

The underspend in lease car costs is forecast to increase to £53,000 by year-end.

10.3 Action to be Taken

This underspend should be seen in conjunction with the overspend in Subsistence costs.

11.0 THIRD PARTY PAYMENTS AND COUNCIL CHARGES

11.1 Year to Date 8 OVER

Third Party Council Charges are £8,000 overspent representing 2.6% of budget.

This overspend relates primarily to professional fees within the Response and Resilience Directorate for the provision of radiation protection advice.

11.2 Forecast 8 OVER

Third Party / Council Charges are forecast to be £8,000 overspent representing 0.7% of budget.

The forecast reflects the level of overspend seen in the four months of the year.

11.3 Action to be Taken

All devolved budgets are being reviewed to identify areas to offset this area of expenditure.

12.0 FINANCING

12.1 Year to Date ON BUDGET

Financing costs are currently on budget.

12.2 Forecast 6 UNDER

Financing costs are forecast to be £6,000 underspent, 0.2% of budget, the result of a reduction in loan fund expenses.

12.3 Action to be Taken

There is no action necessary in this area as expenditure is forecast to be lower than budget.

13.0 INCOME

13.1 Year to Date 47 LOWER

Income is currently £47,000 under recovered, 23.4% of budget.

This budget includes a target to increase income generation by £200,000. Early indications are that this target is unlikely to be delivered and this is reflected in the figures for the first four months.

13.2 Forecast

188 LOWER

Income is forecast to be £188,000 under recovered, 30.7% of budget.

The forecast reflects the year to date position and the likelihood that the £200,000 additional income generation target is unlikely to be achieved.

13.3 Action to be Taken

All devolved budgets are continually reviewed to ensure chargeable activity is recovered from third parties. Directorates should review and confirm income projections.

The policy for charging third parties for training provided by the Service should be finalised and implemented as soon as possible.