



BUDGETARY CONTROL FRAMEWORK

1. PURPOSE OF THE FRAMEWORK

The purpose of this document is to provide a framework for the effective control of the Scottish Fire and Rescue Service Resource (Revenue) budget.

2. SCOPE

This framework applies to all budget holders within the Scottish Fire and Rescue Service and all resource expenditure.

3. RESPONSIBILITIES

The Director of Finance and Contractual Services has overall responsibility for the implementation and compliance with this framework. The Head of Finance and Procurement has day-to-day responsibility for the management and co-ordination of the framework.

4. DEFINITIONS

- **Budgetary Control** – The process by which actual financial activity is managed against the Budget;
- **Budget** – The financial plan approved by the Board and for which funding has been agreed;

- **Budget Holders** – Local Senior Officers (LSO) and Heads of Departments (HoD) who have responsibility for managing devolved budgets;
- **SLT** – Strategic Leadership Team comprising: Chief Officer, Deputy Chief Officer and all Directors;
- **Areas** –The areas of the organisation managed by Local Senior Officers and the Heads of Departments;
- **Cost Centre** – A department, station or segment of the organisation in which costs can be segregated, e.g. Bathgate Fire Station, finance department, etc.;
- **Account Code** – This identifies the nature of expenditure, e.g. travel, pay, training;
- **Year to date** – The period of time from the start of the current financial year until the close of the financial ledger for that month, e.g. Year to Date (YTD) October relates to the period from 1 April to 31 October;
- **Forecast** – A prediction of the total expenditure likely to be incurred by 31 March for the current financial year.

5. RELATED POLICIES AND DOCUMENTS (this list is not exhaustive)

Financial Regulations

Standing Orders for the Regulation of Contracts

6. PROCESS

6.1 Accounts Structure

The resource budget is structured according to the financial ledger; each item of expenditure is coded according to the relevant categorisation for that type of expense.

The code used within the accounts structure is referred to as the account code.

6.2 Budget Creation

Normally, between October and January, the Director of Finance and Contractual Services, in consultation with SLT, will prepare the draft resource budget for the following year for submission to the Board.

The resource budget will show how the budget has changed from the prior year's budget and will include such items as:

- Inflation;
- Efficiencies;
- New Initiatives.

The approach used to develop the budget each year is explained in the budget methodology which is issued to each budget holder.

6.3 Approval

The draft budget will be submitted to SLT before it is presented to the Board for final approval.

6.4 Budget Uploads and Notification

Following approval of the budget by the Board, the Head of Finance and Procurement will be responsible for ensuring the resource budget is uploaded into the financial ledger in preparation for the new financial year.

Normally, before the start of the new financial year the Head of Finance and Procurement will issue, to all budget holders, detailed budget reports for their area. These reports will show the account code and allocated budget.

6.5 Budget Monitoring Reports

Following the closure of the financial ledger each month, the Head of Finance and Procurement will be responsible for issuing a budget monitoring report to all budget holders. This report will identify the following:

- a) The actual expenditure incurred year to date;
- b) The budgeted year to date expenditure (the planned expenditure);
- c) The year to date variance (the difference between (a) and (b) which will show as a negative if there is overspend or a positive if there is underspend);
- d) The year to date variance % ((c) expressed as a percentage of (b));
- e) The full year budget;
- f) The forecasted expenditure for the remainder of the financial year;
- g) The forecast variance (the difference between (e) and (f) which will show as a negative if there is overspend or a positive if there is underspend);
- h) The full year variance % ((g) expressed as a percentage of (e)).

6.6 Budgetary Control

The objectives of the budgetary control system are summarised as follows:

- To ensure that the SLT is able to scrutinise the financial activity of the Service and update the Board accordingly;
- To ensure that actual expenditure at the end of the financial year does not exceed the approved financial plan;
- To ensure that all expenditure incurred is valid in pursuit of the Service's objectives;
- To ensure that budget holders have the appropriate information to assess their financial performance during the year.

6.6.1 Devolved Budget Holders

- Budget holders are responsible for managing expenditure within their allocated budgets and should review the monthly monitoring reports to ensure expenditure is in-line with the budget;
- Budget holders are responsible for ensuring that expenditure charged against their budgets is necessary for the conduct of the Service's objectives, and duly authorised;
- Budget holders are responsible for ensuring that expenditure and income is coded appropriately, to ensure compliance with the Scottish Government Accounting requirements;
- Budget holders should be aware of commitments which have yet to impact on the reported position, and should also inform the Finance and Procurement Department of income due for services to be invoiced and employee status changes. Any unexpected items of expenditure should be queried with the Finance and Procurement Department;
- Budget holders will engage with their allocated Finance Business Partners monthly. They will ensure they understand any year to date variances and any forecast under or overspends for the financial year.

6.6.2 Finance Business Partners

- The Finance Business Partners will support budget holders by engaging with them on a monthly basis, responding to their queries and analysing the financial position shown on the monthly monitoring reports;
- The Finance Business partners will record and facilitate any reallocation of the budget holder's budget between cost centres and account codes;
- The Finance Business partners will ensure that the total Service-wide movement between account code categories is monitored and any movement between categories in excess of £2,000,000 is reported to the Board;

- The Finance Business Partners will consolidate the forecast information from budget holders for reporting to SLT.

6.7 SLT Reporting

The Director of Finance and Contractual Services will present to SLT a consolidated resource budget monitoring statement for scrutiny on a monthly basis, broken down by devolved budget and also by expenditure category.

SLT will use the consolidated report to ensure that the overall Service budget is managed effectively and where action is required that this is acted upon and communicated.

6.8 Board Reporting

The Director of Finance and Contractual Services will present a consolidated resource budget monitoring statement at each Board meeting. This will clearly show the year to date expenditure, year to date budget, full year budget and revised forecast for the organisation.

The resource budget monitoring statement will be accompanied by a narrative explaining any significant variances between the forecast and budget, and outlining remedial action.

6.9 Timetables

Budget Timetable

Task	Date
Budget preparation	October – January
Budget endorsed – SLT	January
Budget Approval – Board	February – March

Monthly Monitoring Timetable

Task	Date
Month monitoring reports	Issued within 7 days of the general ledger close
Consolidation of Budget Holder forecasts for reporting to SLT	Within 14 days of ledger close
Finance Business Partners engage with Budget holders on the current and forecast financial position	Within 28 days of ledger close
Resource Budget Monitoring Statement Presented to SLT	2nd formal SLT meeting of each month
Resource Budget Monitoring Statement Presented to SFRS Board	All Board Meetings

7. REVIEW

This document will normally be reviewed on a three-year basis. The current document will be reviewed by end of March 2025 for the 2025/26 Resource Budget.