



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

Report to: THE BOARD OF THE SCOTTISH FIRE AND RESCUE SERVICE
Report Number: B/FCS/4-15
Date: 26 FEBRUARY 2015
Report By: CHIEF OFFICER

Subject: RESOURCE BUDGET 2015 - 2016

1 PURPOSE

- 1.1 The purpose of this report is to seek approval of the proposed resource budget for 2015/16.

2 RECOMMENDATION

- 2.1 The Board is asked to approve the following recommendation(s):
- 1) That the proposed Resource Budget for 2015/16, as set out in paragraph 6 and detailed in Appendix A, be approved.

3 BACKGROUND

- 3.1 The Board at its meeting in November approved the Budget Strategy for 2015-16, recognising the budget allocations proposed by the Scottish Government. These proposals have now been confirmed by the Scottish Parliament with the Budget (Scotland) (No.4) Bill being passed on 4 February 2014.
- 3.2 As a result, the Resource DEL cash funding for the Scottish Fire & Rescue Service (SFRS) for 2015/16 is set at £259.221million.

4 FIRELINK

- 4.1 The budget allocated to SFRS on its inception was based on the expectation that the responsibility for the Firelink radio system would transfer from Scottish Government to SFRS on 1 April 2014. This has not happened during the first 2 years of the Service and the corresponding budget was returned to the Scottish Government.
- 4.2 It is now anticipated that this transfer will take place in April 2015 and the 2015/16 DEL funding is based on this assumption.

5 PROPOSED BUDGET

- 5.1 It is therefore proposed that the Resource Budget for 2015/16 be set at **£259.221million**, as outlined in Appendix A, in line with the DEL funding.
- 5.2 The adjustments required to bring costs into line with available funding are detailed in Appendix B.
- 5.3 Allowing for a 1% pay award and incremental progression where appropriate, this budget provides for the cost of all anticipated staff in post during 2015/16, taking account of retirement profiles and the projected impact of voluntary severance, and recognising our commitment to no compulsory redundancies, while delivering £4.307million savings against the existing cost base in this area.
- 5.4 In seeking to achieve the required cost reductions there has been limited provision made for external recruitment, particularly in relation to specialist posts. In relation to the support staff structure, it is recognised that this will require to be balanced within the overall cost of the new pay and reward framework.
- 5.5 The Resource Working Group, established within the terms of the Working Together Framework, which includes representatives from the Strategic Leadership Team and the Fire Brigades Union, will continue to address the challenge of ensuring our operational resources are distributed and deployed in the most effective manner, within a safe and sustainable response model, to maintain, and where possible enhance, our frontline service delivery. A key focus of the Working Group will be to contain overtime costs within agreed budgets.

- 5.6 As we progress the implementation of our Property Estate – Strategic Intent programme, most significantly with the closure of the Gullane Training Centre on 31 March 2015, we anticipate a reduction in Property Costs. Further savings are projected from the implementation of our single HR/Payroll system during the first quarter, from completing the move to a single contract for breathing apparatus later in the year, from reduced catering expenditure, and from increased income for chargeable services. In addition the completion of a number of ICT projects will enable the decommissioning of legacy systems with a reduction in licensing and maintenance costs. In total, net non-employee costs savings of c.£1million have been identified to date.
- 5.7 A further £0.804million (0.3%) will be allocated to budget holders as a savings target for 2015/16, to be found from non-employee costs, as we continue the process of integration and rationalisation.

6 JOINT WORKING ON COMMUNITY PLANNING & RESOURCING

- 6.1 SFRS recognises its responsibilities to work together with community planning partners as outlined within the “Agreement on Joint Working on Community Planning and Resourcing” and as such is working with local partners to identify practical opportunities to add real value in this area.
- 6.2 It is anticipated that at this stage SFRS can most effectively contribute through the deployment of its physical and people resources.

7 BUDGET RISKS

- 7.1 The Corporate Risk Register recognises that there is a risk to the Service if it fails to achieve financial sustainability. One of the key building blocks to achieving a sustainable financial position is balancing the budget for the forthcoming year. Appendix C sets out the specific risks that have been identified in relation to operating the Scottish Fire & Rescue Service during 2015/16 within this budget envelope. These have been scored, using the same methodology as the Corporate Risk Register, and mitigating actions have been identified.

8 FINANCIAL IMPLICATIONS

- 8.1 The financial implications are outlined within the report.

9 EMPLOYEE IMPLICATIONS

- 9.1 Employee implications are outlined within the report and are regularly discussed with representative bodies through the Employee Partnership Forum and the Resource Working Group.

10 LEGAL IMPLICATIONS

- 10.1 SFRS is required through its Governance & Accountability Framework to provide the Scottish Government with detailed budget plans no later than 28 February.

11 EQUALITY IMPACT ASSESSMENT AND CONSULTATION ARRANGEMENTS

- 11.1 A detailed equality impact assessment has been carried out as part of the budget setting process.
- 11.2 Budget plans have been developed in consultation with representative bodies.

12 CORE BRIEF

- 12.1 The Director of Finance & Contractual Services advised the Board of the proposed Resource Budget for 2015/16 and sought approval. The total Resource Budget for 2015/16 will be set at £259.221million, in line with resource budget funding from the Scottish Government. The budget makes provision for the cost of all anticipated staff in post during 2015/16, including an estimated pay award of 1%. A number of savings are anticipated from the implementation of Strategic Intent, the HR/Payroll system, and the new breathing apparatus contract, as well as from decommissioning some legacy ICT systems and infrastructure. Containing operational overtime within budget will be a key challenge, to be addressed through the Resource Working Group; and further savings targets will be assigned to budget holders.

**ALASDAIR HAY
CHIEF OFFICER
26 FEBRUARY 2015**