

**SCOTTISH FIRE & RESCUE SERVICE**  
**Resource Budget Monitoring Report**  
**For period ending 31<sup>st</sup> January 2015**

## **INTRODUCTION**

The attached report covers the period 1<sup>st</sup> April 2014 – 31<sup>st</sup> January 2015 (83% of the financial year) and highlights a year to date underspend of £0.969 million with a forecast underspend of £0.661 million.

**£000**

### **1 WHOLETIME FIREFIGHTERS**

#### **1.1 Year to date**

**36 OVER**

This overspend relates to a combination of overtime, which is overspent by £510,000, and wholetime salaries which are underspent by £474,000.

The West SDA accounts for £381,000 of the overspend on overtime, an improvement from the position reported last month of £43,000 following the start of the new annual rota for five group duty system stations. There is a further £102,000 overspend in the East SDA, an improvement in the month of £38,000 a result of the benefits from resource based crewing now materialising. The balance is spread across the remaining directorates.

The underspend in Wholetime salaries represents the position after offsetting savings against the unallocated savings target.

#### **1.2 Forecast**

**137 OVER**

Wholetime costs are forecast to be overspent by £137,000 which relates to significant pressure on the overtime budget, forecast of £642,000 overspent.

The West SDA accounts for the majority of the projected overtime overspend £504,000. The North SDA accounts for a further £79,000 projected overspend and the East £72,000. This is partially offset by a projected underspend of £100,000 within the Response and Resilience directorate and a forecast underspend of £505,000 in relation to wholetime salaries.

### **1.3 Proposed Actions**

The work to implement Resource Based Crewing models is now well underway and resulting savings are starting to be seen.

In addition working groups have been established in each of the Service Delivery areas to develop a better understanding of the drivers for overtime, eg absence, scheduling of training, detached duty policies, and to take the most appropriate measures to restrict overtime and ensure it is contained within the budget.

## **2 CONTROL FIREFIGHTERS**

### **2.1 Year to date**

**18 UNDER**

The £18,000 underspend in this budget relates to savings from closure of the Dumfries and Galloway Control Centre, differentials in the grades and numbers of staff, gaps in the establishment and the realignment of cost to reflect the two current Control projects; Control Room Transformation and Command and Control System, the latter of which will be financed from the capital budget.

### **2.2 Forecast**

**35 UNDER**

Control costs are forecast to be £35,000 underspent which reflects savings due to staff from the former Dumfries Control electing to take early retirement/voluntary severance, offset by additional overtime and staff working on the Control Room Transformation project.

### **2.3 Proposed Actions**

While this area of expenditure is projected to be lower than budgeted, staff should continue to critically challenge all areas of spend to ensure that opportunities for cost reduction are not missed and can be considered within the wider service delivery and budget context.

## **3 RETAINED & VOLUNTEER FIREFIGHTERS**

### **3.1 Year to date**

**892 UNDER**

The underspend in Retained and Volunteer costs is reported as £892,000. The activity levels, whilst unpredictable, remain significantly lower than those seen during the same period last year.

### **3.2 Forecast**

**808 UNDER**

Whilst the year-to-date savings are not necessarily sustainable in the long term, the low activity levels in the first ten months of the year, have resulted in a forecast year end underspend of £808,000. This forecast reflects the volatile demand led nature of retained and volunteer costs.

### **3.3 Proposed Actions**

While this area of expenditure is projected to be lower than budgeted, staff should continue to critically challenge all areas of spend to ensure that opportunities for cost reduction are not missed and can be considered within the wider service delivery and budget context.

## **4 SUPPORT STAFF**

### **4.1 Year to date**

**1,159 UNDER**

Support staff costs are currently £1,159,000 underspent a result of staff who have left the Service and vacancies which have yet to be filled. The majority of these posts are within the People and Organisational Development Directorate (£402,000) and the Finance and Contractual Services Directorate (£595,000). Civil Contingency posts within the Response and Resilience Directorate account for a further £118,000 with the balance spread across other Directorates.

### **4.2 Forecast**

**1,268 UNDER**

Support staff costs are forecast to be £1,268,000 underspent by year end. The forecast reflects administration staff who have been appointed to advocate posts with an increase in salary; budgeted retirements that have not materialised; external recruitment to fill specialised posts and the use of agency staff to fill vacancies which will result in an overspend in Other Staff Costs.

### **4.3 Proposed Actions**

This underspend should be seen in conjunction with the overspend on Other Staff Costs whereby agency staff are being used to fill gaps in the short term, pending finalisation of the Working Structure and the new pay and reward framework which are currently being progressed.

## **5 ILL HEALTH EARLY RETIREMENT CHARGES**

### **5.1 Year to date**

**132 UNDER**

Ill Health Early Retirement charges are £132,000 underspent a result of a provision for an upper tier retiral made last financial year that has not materialised.

### **5.2 Forecast**

**165 UNDER**

The forecast is in line with the year to date position.

### **5.3 Proposed Actions**

While this area of expenditure is projected to be lower than budgeted, staff should continue to critically challenge all areas of spend to ensure that opportunities for cost reduction are not missed and can be considered within the wider service delivery and budget context.

## **6 TRAINING**

### **6.1 Year to date**

**2 UNDER**

Training costs are currently £2,000 underspent a result of non-HQ funded training activity which is £6,000 overspent offset by slight savings in other training costs.

### **6.2 Forecast**

**9 UNDER**

The forecast is in line with the year to date position.

### **6.3 Proposed Actions**

While this area of expenditure is projected to be lower than budgeted, staff should continue to critically challenge all areas of spend to ensure that opportunities for cost reduction are not missed and can be considered within the wider service delivery and budget context.

## **7 SUBSISTENCE**

### **7.1 Year to date**

**37 OVER**

Subsistence costs are £37,000 overspent with training and employee development accounting for £82,000 overspend, mainly attributable to the costs associated with training retained station employees. There are net underspends across the remainder of the organisation.

## **7.2 Forecast**

**53 OVER**

The trend for increased subsistence spend within the training areas is expected to continue for the remainder of the year resulting in a forecast overspend of £53,000.

## **7.3 Proposed Actions**

A review of subsistence costs associated with retained training has been undertaken and the budgets for 2015/16 will be revised to reflect the demands on the subsistence budget within the training area.

## **8 OTHER STAFF COST**

### **8.1 Year to date**

**319 OVER**

The overspend on this budget is a result of higher than budgeted agency staff costs needed to provide additional cover for support staff vacancies.

### **8.2 Forecast**

**561 OVER**

Other staff costs are expected to overspend by £561,000, the majority of which relates to continued use of agency staff to cover support staff vacancies.

### **8.3 Proposed Actions**

This overspend should be seen in conjunction with the underspend on Support Staff whereby agency staff are being used to fill gaps in the short term pending finalisation of the Working Structure and the new pay and reward framework.

As part of the 15/16 budget setting process steps are being taken to agree all aspects of the Working Structure to enable the Service to transition from a "people in post" budget towards funding the agreed staffing requirement.

## **9 PROPERTY COSTS**

### **9.1 Year to date**

**19 OVER**

The overspend on this budget of £19,000 is a result of a number of a number of factors which include:

- Utility costs £347,000 underspent, which includes the release of legacy accruals and improved prices from national contracts,

- Contract cleaning £165,000 overspent mainly in the East and North areas,
- Contracts catering £35,000 overspent, primarily in Aberdeen,
- Refuse collection overspent by £70,000 primarily in East and North SDA to ensure compliance with statutory regulations,
- Property repairs and maintenance overspend by £120,000 due to contracted technical services at Gullane Training Facility,
- Other property costs £24,000 underspent.

## 9.2 Forecast

**61 OVER**

The forecast reflects the year to date position and includes:

- Utilities costs £399,000 underspent,
- Contract cleaning £195,000 overspent, reflecting the current year to date position,
- Refuse collection, £84,000 overspend, again reflecting the year to date position,
- Contract catering £47,000 overspent primarily in Aberdeen,
- Repairs & Maintenance is forecast to be £142,000 overspent attributable to Gullane technical services,
- Other property costs are forecast to be £8,000 underspent.

It should be noted that the budget for rates has been realigned to reflect the actual bills received from councils. A number of the rates bills are being appealed and should these be successful they will be reflected in future forecasts. Included within the rates charge is £51,333 for the “Cheapside House” building which, whilst included in the budget, is not currently occupied.

## 9.3 Proposed Actions

Looking ahead to next financial year, consideration is being given to making a spend-to-save investment in resources to review and standardise cleaning requirements across the Service.

The Energy and Environment Officer is developing a programme of energy saving initiatives.

Work is being progressed to vacate premises identified as surplus within Strategic Intent and plans are in place to demolish of Cheapside House facility early in the next financial year.

The SLT has identified savings of £250,000 in contract catering costs. These have been included in the budget cost saving initiatives for 2015/16.

## **10 SUPPLIES AND SERVICES**

### **10.1 Year to date**

**702 OVER**

Supplies and Services costs are currently £702,000 overspent. This overspend is spread across a number of accounting lines. The significant areas are:

- Uniform and clothing £235,000 overspent to meet essential requirements to replace key uniform items,
- Laundry £145,000 overspent, mainly within the East and West areas,
- Subscriptions £31,000 overspent,
- Catering General £100,000 overspent - most areas of the Service are showing an overspend in catering costs with the most significant area being Training,
- Hydrant Maintenance £82,000 overspent reflecting the outstanding commitments with Scottish Water,
- Personal Protective Equipment, Equipment Purchases and Equipment Maintenance £72,000 overspent,
- Other Supplies and Services £37,000 overspent.

### **10.2 Forecast**

**813 OVER**

The forecast reflects the current higher than budgeted spend.

### **10.3 Proposed Actions**

Devolved budget holders will continue to reviewed areas of variable/discretionary expenditure where further savings can be delivered to offset this area of overspending.

The SLT are reviewing the options on catering provision across the service eg fire stations, meetings etc. and aim to introduce measures to reduce this expenditure, with scope for further savings in future years.

Work will be undertaken in 2015/16 to review the options for laundry provision across the service. Current contract for ex Strathclyde and ex L&B was implemented to ensure accurate accounting of costs but has highlighted an area that may lead to the identification of future savings due to inconsistency across Scotland.

## **11 TRANSPORT**

### **11.1 Year to date**

**85 OVER**

Travel incurred to attend training accounts for £35,000 of the overspend. A further £73,000 overspend relates to travel costs in respect of maintaining the Service's property portfolio, with travel to and from remote island locations contributing significantly to this. The balance of £23,000 underspend is distributed across the remainder of the Service.

### **11.2 Forecast**

**148 OVER**

The forecast overspend of £148,000 reflects the year to date position.

### **11.3 Proposed Actions**

Travel arrangements should be planned, where practical, in advance to ensure that the most competitive rates are secured.

Fuel prices will continue to be monitored, and whilst in the long term the current low prices are unlikely to be sustained, they will be reflected in the forecast for the remainder of this financial year.

In addition, looking ahead to next financial year, the new car leasing policy should lead to lower costs and less travel may be expected as new technologies such as video conferencing are embraced.

## **12 Third Party Payments/Council Charges**

### **12.1 Year to date**

**51 UNDER**

Third party payments / Council charges are reported to be £51,000 underspent with the largest contributing factor being a savings in Service Level Agreements.

### **12.2 Forecast**

**254 UNDER**

The forecast reflects the year to date position and includes:

- Projected savings in fees and professional fees total £96,000 underspend. This includes savings of £87,000 in respect of internal audit charges, £24,000 following the Health and Safety Best Value Review and an overspend on Scientific services £43,000.

- An over provision in external audit fees and anticipated savings have resulted in a £72,000 underspent.
- Service Level Agreements are £105,000 underspent, which now includes projected savings in respect of the ICT services provided by Fife Council of £46,000.
- Private Contractors cost are £25,000 overspent with contributing factors being pay and reward and cultural audit costs.
- Other third party / council charges £6,000 underspent.

### **12.3 Proposed Actions**

While this area of expenditure is projected to be lower than budgeted, staff should continue to critically challenge all areas of spend to ensure that opportunities for cost reduction are not missed and can be considered within the wider service delivery and budget context.

## **13 INCOME**

### **13.1 Year to date**

**87 UNDER-RECOVERED**

There is a £87,000 under recovery in income. This primarily relates to staff who were budgeted to be funded by third parties, where the external funding is not now being received. This includes seconded employees who have returned to the Service and support staff where council funding has been withdrawn.

### **13.2 Forecast**

**105 UNDER-RECOVERED**

The forecast full year under recovery in income of £105,000 is in line with the year to date position.

### **13.3 Proposed Actions**

Each Directorate should continue to ensure that all appropriate charges are being applied eg special services at major events, and that any changes in secondments are notified to Finance Business Partners as early as possible.

Opportunities for additional income have been identified and factored into the budget for 2015/16.