



**SCOTTISH**  
**FIRE AND RESCUE SERVICE**

Working together for a safer Scotland

<b>Report to:</b>	<b>THE BOARD OF THE SCOTTISH FIRE AND RESCUE SERVICE</b>
<b>Report No:</b>	<b>B/FCS/09-15</b>
<b>Date:</b>	<b>26 MARCH 2015</b>
<b>Report By:</b>	<b>CHIEF OFFICER</b>

<b>Subject:</b>	<b>RESOURCE BUDGET MONITORING REPORT – FEBRUARY 2015</b>
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## **1 PURPOSE**

- 1.1 The purpose of this report is to advise members of the resource budget position for the period ending 28<sup>th</sup> February 2015

## **2 RECOMMENDATIONS**

- 2.1 Members are asked to approve the following recommendation:
- That the resource budget position for the period ending 28<sup>th</sup> February 2015 be noted.

## **3 BACKGROUND**

- 3.1 This report forms part of the regular financial monitoring process.

## **4 GRANT IN AID FUNDING**

- 4.1 The Scottish Government has allocated funding to SFRS for 2014/15 to £310.116 million. This funding comprises a Resource and Capital Departmental Expenditure Limit (DEL) of £287.541 million and £22.625 million in respect of depreciation (Ring-fenced or “non-cash” DEL).
- 4.2 For 2014/15 the Resource and Capital elements of DEL funding have not been separately identified, thus giving the Service a degree of flexibility. The capital programme has been revised at £21.3 million therefore the balance of £266.241m is assigned to the Resource budget.
- 4.3 At this stage in the financial year the Scottish Government undertakes a Spring Budget Review where required budget changes that emerge during the year are

implemented. It is anticipated that a number of changes will be made to the SFRS budget to take account of Commonwealth Games funding, return of the Firelink budget to Scottish Government for this financial year, allocation to capital, and loan charges. Taking account of these anticipated changes, the updated Resource budget for 2014/15 is shown as £259.068m. The final adjustment will be confirmed and reflected in a revised Grant in Aid letter which the Service will receive in due course. In addition to the DEL funding, the Service has now received confirmation from the Scottish Government that they will receive funding of £2.206million to cover the extra cost of the Commonwealth Games.

## **5 CURRENT POSITION**

- 5.1 A summary of the consolidated financial position at this stage in the financial year is attached at Appendix A. This report details the current **underspend against budget of £1.328million.**

## **6 FORECAST**

- 6.1 The forecast position at this stage in the year shows **an underspend of £0.623 million.** The significant areas that are contributing to this underspend are; savings in staff costs and third party payments which are partially offset by; pressure on the overtime budget for Wholetime personnel; other employee costs; supplies and services and property costs.
- 6.2 Elements of work have been initiated to address the areas of projected overspend and these have also been reflected in the budget modelling for 2015/16.

## **7 ANALYSIS**

- 7.1 Appendix B provides an explanation of the current significant variances relative to budget.
- 7.2 Appendix C provides further analysis by directorate of the financial position at month end.

## **8 FINANCIAL IMPLICATIONS**

- 8.1 The financial implications are outlined within the report.

## **9 EMPLOYEE IMPLICATIONS**

- 9.1 There are no employee implications directly associated with this report.

## **10 CORE BRIEF**

- 10.1 The Director of Finance & Contractual Services advised the Board of the resource budget position for the period ending 28 February 2015.
- 10.2 The Board noted that within the context of requiring to reduce the overall cost base of SFRS by c.£45 million over the first 3 years of the Service, the current budget position shows an underspend against budget of 0.5%, reducing to 0.2% by the end of the financial year.

**ALASDAIR HAY**  
**Chief Officer**

**FEBRUARY 2015**

**SCOTTISH FIRE & RESCUE SERVICE**  
Resource Budgetary Control Report 2014/15

£000

Period 11		1 April 2014 - 28 February 2015								Last Month's Forecast Variance	Last Year's Actuals
Original Budget (per spring budget review)	Virements	Identified Savings	Revised Annual Budget  (1)+(2)+(3) (4)	Narrative	Year to Date			Year-End Projection			
					Budget	Actual	Variance	Variance			
(1)	(2)	(3)	(4)		(5)	(6)	(5)-(6) (7)	£ (8)	% (8)/(4) (9)	(9)	(10)
208,726	(976)	(547)	207,203	Employee Costs	185,769	183,577	2,192	1,457	0.7%	1,534	210,417
203,135	(965)	(140)	202,030	Employee Salary Costs	181,418	178,975	2,443	2,300	1.1%	1,974	205,074
146,444	(930)	(68)	145,446	Wholetime	130,855	130,769	86	23	0.0%	(137)	148,757
9,153	(99)	(11)	9,043	Control	8,187	8,160	27	35	0.4%	35	8,561
22,988	-	(35)	22,953	Retained	20,213	19,234	979	808	3.5%	808	22,518
24,550	64	(26)	24,588	Support	22,163	20,812	1,351	1,434	5.8%	1,268	25,238
5,591	(11)	(407)	5,173	Employee Other Costs	4,351	4,602	(251)	(843)	-16.3%	(440)	5,343
3,243	-	-	3,243	Ill Health Early Retirement Charges	2,580	2,434	146	159	4.9%	165	2,990
924	-	(198)	726	Training	666	660	6	5	0.7%	9	840
860	(8)	(97)	755	Subsistence	690	706	(16)	(24)	-3.2%	(53)	884
564	(3)	(112)	449	Other	415	802	(387)	(983)	-218.9%	(561)	629
20,655	256	(782)	20,129	Property Costs	17,254	17,480	(226)	(278)	-1.4%	(61)	20,868
18,565	(830)	(774)	16,961	Supplies & Services	15,032	15,595	(563)	(610)	-3.6%	(813)	16,800
9,301	(11)	(511)	8,779	Transport Costs	7,794	7,877	(83)	(121)	-1.4%	(148)	9,436
3,004	(76)	(235)	2,693	Third Party Payments/Council Charges	1,498	1,490	8	175	6.5%	254	2,810
4,193	-	-	4,193	Financing	4,193	4,193	-	-	0.0%	-	5,381
(3,844)	996	2,848	-	Unallocated Savings	-	-	-	-	0.0%	-	-
<b>260,600</b>	<b>(641)</b>	<b>(1)</b>	<b>259,958</b>	<b>GROSS EXPENDITURE</b>	<b>231,540</b>	<b>230,212</b>	<b>1,328</b>	<b>623</b>	<b>0.2%</b>	<b>766</b>	<b>265,712</b>
(1,532)	641	1	(890)	Income	(772)	(772)	-	-	0.0%	(105)	(1,392)
<b>259,068</b>	<b>-</b>	<b>-</b>	<b>259,068</b>	<b>NET EXPENDITURE</b>	<b>230,768</b>	<b>229,440</b>	<b>1,328</b>	<b>623</b>	<b>0.2%</b>	<b>661</b>	<b>264,320</b>

**SCOTTISH FIRE & RESCUE SERVICE**  
**Resource Budget Monitoring Report**  
**For period ending 28<sup>th</sup> February 2015**

**INTRODUCTION**

The attached report covers the period 1<sup>st</sup> April 2014 – 28<sup>th</sup> February 2015 (92% of the financial year) and highlights a year to date underspend of £1.328 million with a forecast underspend of £0.623 million.

**£000**

**1 WHOLETIME FIREFIGHTERS**

**1.1 Year to Date 86 UNDER**

This underspend relates to a combination of overtime, which is overspent by £510,000, and wholetime salaries which are underspent by £596,000.

The West SDA accounts for £387,000 of the overspend on overtime. There is a further £114,000 overspend in the East SDA, with 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 23 UNDER**

Wholetime costs are forecast to be underspent by £23,000 with the overspend on overtime costs of £664,000 being offset by savings in wholetime salary costs of £687,000.

The West SDA accounts for the majority of the projected overtime overspend £514,000, the North SDA £53,000, the East SDA £131,000, Training £48,000 and Prevention and Protection £20,000. This is partially offset by a projected underspend of £102,000 within the Response and Resilience directorate and a forecast underspend of £687,000 in relation to wholetime salaries.

**1.3 Proposed Actions**

The work to implement Resource Based Crewing models is now well under way 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 27 UNDER**

The £27,000 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 979 UNDER**

The underspend in Retained and Volunteer costs is reported as £979,000. 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 during the year, have resulted in a forecast year end underspend of £808,000. This forecast reflects the legacy arrangements, in the North, to pay holiday pay at the end of the financial year.

### **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 1,351 UNDER**

Support staff costs are currently £1,351,000 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 (£446,000) and the Finance and Contractual Services Directorate (£695,000). Civil Contingency posts within the Response and Resilience Directorate account for a further £151,000 with the balance spread across other Directorates.

### **4.2 Forecast 1,434 UNDER**

Support staff costs are forecast to be £1,434,000 underspent by year end. The forecast reflects administration staff who have been appointed to advocate posts with an increase in salary; budgeted retrials that have not materialised 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 146 UNDER**

Ill Health Early Retirement charges are £146,000 underspent a result of a provision for an upper tier retiral made last financial year that has not materialised.

### **5.2 Forecast 159 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.

<b>6</b>	<b>TRAINING</b>	
<b>6.1</b>	<b>Year to Date</b>	<b>6 UNDER</b>
	Training costs are currently £6,000 underspent a result of non-HQ funded training activity which is £9,000 overspent offset by slight savings in other training costs.	
<b>6.2</b>	<b>Forecast</b>	<b>5 UNDER</b>
	The forecast is in line with the year to date position.	
<b>6.3</b>	<b>Proposed Actions</b>	
	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.	
<b>7</b>	<b>SUBSISTENCE</b>	
<b>7.1</b>	<b>Year to Date</b>	<b>16 OVER</b>
	Subsistence costs are £16,000 overspent with training and employee development accounting for £85,000 overspend, mainly attributable to the costs associated with training retained station employees. There are net underspends across the remainder of the organisation.	
<b>7.2</b>	<b>Forecast</b>	<b>24 OVER</b>
	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 £24,000.	
<b>7.3</b>	<b>Proposed Actions</b>	
	A review of subsistence costs associated with retained training has been undertaken and the budgets for 2015/16 have been revised to reflect the demands on the subsistence budget within the training area.	
<b>8</b>	<b>OTHER STAFF COST</b>	
<b>8.1</b>	<b>Year to Date</b>	<b>387 OVER</b>
	The overspend on this budget is a result of higher than budgeted agency staff costs needed to provide additional cover for support staff vacancies.	
<b>8.2</b>	<b>Forecast</b>	<b>983 OVER</b>



Other staff costs are expected to overspend by £983,000. There are two contributing factors to this overspend.

- Firstly the use of agency staff to cover support staff vacancies will continue to the end of the financial year.
- Secondly, £400,000 has been allocated to supplement the transitional funding arrangements for Control and Support staff severance packages.

### **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**

**226 OVER**

The overspend on this budget of £226,000 is a result of a number of a number of factors which include:

- Utility costs £235,000 underspent, which includes the release of legacy accruals and improved prices from national contracts,
- Contract cleaning £199,000 overspent mainly in the East and North areas,
- Contracts catering £56,000 overspent, primarily in Aberdeen,
- Refuse collection overspent by £95,000 primarily in East and North SDA to ensure compliance with statutory regulations,
- Property repairs and maintenance overspend by £103,000 due to contracted technical services at Gullane Training Facility,
- Other property costs £8,000 overspent.

### **9.2 Forecast**

**278 OVER**

The forecast reflects the year to date position and includes:

- Utilities costs £244,000 underspent,
- Contract cleaning £223,000 overspent, reflecting the current year to date position,
- Refuse collection, £96,000 overspend, again reflecting the year to date position,
- Contract catering £62,000 overspent primarily in Aberdeen,
- Repairs & Maintenance is forecast to be £112,000

- overspent attributable to Gullane technical services,
- Other property costs are forecast to be £29,000 overspent.

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 the 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**

**563 OVER**

Supplies and Services costs are currently £563,000 overspent. This overspend is spread across a number of accounting lines. The significant areas are:

- Uniform and clothing £228,000 overspent to meet essential requirements to replace key uniform items,
- Laundry £105,000 overspent, mainly within the East and West areas,
- Subscriptions £34,000 overspent,
- Catering General £97,000 overspent - most areas of the Service are showing an overspend in catering costs with the most significant area being Training,
- Hydrant Maintenance £90,000 overspent reflecting the outstanding commitments with Scottish Water,
- Personal Protective Equipment, Equipment Purchases and Equipment Maintenance £122,000 overspent,
- Engineering Inspections £117,000 underspent due to work continuing into the financial year 2015/16.
- Other supplies and services £4,000 overspent.

### **10.2 Forecast**

**610 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. The 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 83 OVER**

Travel incurred to attend training accounts for £37,000 of the overspend. A further £81,000 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 £35,000 underspend is distributed across the remainder of the Service.

### **11.2 Forecast 121 OVER**

The forecast overspend of £121,000 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 have been 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 8 UNDER**

Third party payments / Council charges are reported to be £8,000 underspent with the largest contributing factor being a savings in Service Level Agreements.

## **12.2 Forecast**

**175 UNDER**

The forecast reflects the year to date position and includes:

- Projected savings in fees and professional fees total £85,000 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 £53,000. The balance is spread across all directorates
- An over provision in external audit fees and anticipated savings have resulted in a £72,000 underspent.
- Service Level Agreements are £46,000 underspent in respect of the ICT services provided by Fife Council.
- Private Contractors cost are £24,000 overspent with the largest contributing factor being cultural audit costs.
- Other third party / council charges are £4,000 overspent.

## **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.

**SCOTTISH FIRE & RESCUE SERVICE**  
Resource Budgetary Control Report 2014/15

Appendix C

£000

Period 11	1 April 2014 - 28 February 2015
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**Total by Directorate**

Annual Budget  (1)	Category  (2)	Year to Date			Year-End Projection	
		Budget  (3)	Actual  (4)	Variance  (5)	Variance	
					£  (8)	%  (8)/(1)
15,436	North	13,677	13,044	633	438	2.8%
8,035	East	7,169	7,126	43	(39)	-0.5%
15,372	West	13,757	13,934	(177)	(304)	-2.0%
12,020	Response & Resilience	10,899	10,923	(24)	(31)	-0.3%
1,731	Prevention and Protection	1,390	1,309	81	107	6.2%
9,864	People & Organisational Development	8,982	8,665	317	315	3.2%
42,950	Finance & Contractual Services	37,226	37,234	(8)	(175)	-0.4%
3,493	Corporate	3,177	3,178	(1)	(1)	0.0%
8,742	Corporate Finance	7,389	7,526	(137)	(374)	-4.3%
141,425	WT Employee Costs excl Overtime (SLT)	127,102	126,501	596	687	0.5%
<b>259,068</b>	<b>NET EXPENDITURE</b>	<b>230,768</b>	<b>229,440</b>	<b>1,323</b>	<b>623</b>	<b>0.2%</b>

**Indicative Analysis of Wholetime Employee Costs included above**

Annual Budget  (1)	Category  (2)	Year to Date			Year-End Projection	
		Budget  (3)	Actual  (4)	Variance  (5)	Variance	
					£  (8)	%  (8)/(1)
23,895	North SDA Total	22,030	22,055	(25)	(76)	-0.3%
39,320	East SDA Total	35,244	34,732	512	589	1.5%
63,013	West SDA Total	56,144	55,491	653	708	1.1%
3,519	Response & Resilience	3,185	3,011	174	227	6.5%
1,913	Prevention & Protection	1,716	1,846	(130)	(154)	-8.1%
8,655	People & Organisational Development	7,825	7,633	192	205	2.4%
137	Finance & Contractual Services	125	183	(58)	(65)	-47.4%
1,334	Corporate	1,213	1,249	(36)	(40)	-3.0%
(361)	Corporate Finance	(380)	301	(686)	(707)	195.8%
<b>141,425</b>	<b>NET EXPENDITURE</b>	<b>127,102</b>	<b>126,501</b>	<b>596</b>	<b>687</b>	<b>0.5%</b>