



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

26 February 2020

TO ALL MEMBERS OF THE SCOTTISH FIRE AND RESCUE SERVICE

Dear Member

You are invited to attend the Special meeting of the Scottish Fire and Rescue Service Board as follows:

Date: Thursday 27 February 2020

Time: 0930 hrs

Venue: Braidwood Suite, Scottish Fire and Rescue Service Headquarters, Westburn Drive, Cambuslang, G72 7NA

The business for the meeting is detailed overleaf.

Tea/coffee will be available from 0900 hrs.

Should you require any other information, please contact Debbie Haddow on 07341 880523, or Group Commander Alasdair Cameron on 07786 856986.

Yours sincerely

Kirsty L. Darwent

KIRSTY DARWENT
Chair

Please note that this meeting will be recorded for the purposes of minute taking only.
The recording will be destroyed following final approval of the minutes.



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

SPECIAL MEETING – THE BOARD OF SCOTTISH FIRE AND RESCUE SERVICE

THURSDAY 27 FEBRUARY 2020 @ 0930 HRS

**BRAIDWOOD SUITE, SCOTTISH FIRE AND RESCUE SERVICE,
WESTBURN DRIVE, CAMBUSLANG, G72 7NA**

AGENDA

- 1 CHAIR'S WELCOME**
- 2 APOLOGIES FOR ABSENCE**
- 3 CONSIDERATIONS OF AND DECISION ON ANY ITEMS TO BE TAKEN IN PRIVATE**
- 4 DECLARATIONS OF INTERESTS**

Members should declare any financial and non-financial interest they have in the items of business for consideration, identifying the relevant agenda item, and the nature of their interest.

- 5 BUDGET STRATEGY 2020-21** *(attached)*

S O'Donnell

The Board is asked to approve the report.

- 6 DATE OF NEXT MEETING**

Thursday 26 March 2020 at 1000 hrs
Bo'nness Town Hall, Glebe Park, Stewart Avenue, Bo'nness EH51 9NJ

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



Report No: B/FCS/01-20

Agenda Item: 5

Report to:	THE BOARD OF SCOTTISH FIRE AND RESCUE SERVICE						
Meeting Date:	27 FEBRUARY 2020						
Report Title:	BUDGET STRATEGY 2020-21						
Report Classification:	For Decision	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	The purpose of this report is to seek approval from the Board for the 2020/21 Budget Strategy.						
2	Background						
2.1	As an Other Significant National Body sponsored by Scottish Government, Scottish Fire and Rescue Service (SFRS) is funded directly through Grant in Aid, as detailed in the annual Budget (Scotland) Act.						
2.2	The Scottish Government presented its draft Scottish Budget 2020/21 to Parliament on 6 February 2020, which outlines its spending plans for the forthcoming financial year, alongside projected funding, which comprises four main sources; block grant funding from HM Treasury, receipts generated by taxes devolved to Scotland through the Scotland Act 2012 and the Scotland Act 2016, planned use of devolved borrowing powers and use of the Scotland Reserve.						
2.3	These proposals are now subject to parliamentary scrutiny, with the aim of securing approval and enacting the required legislation before the start of the financial year. The associated tax measures are subject to separate legislation.						
2.4	Alongside its budget proposals, the Scottish Government published its Public Sector Pay Policy for 2020/21, which sets out its commitment to no compulsory redundancies and the Living Wage; as well as a minimum salary increase of 3% for employees earning less than £80,000, with a guaranteed cash underpin of £750 for those earning £25,000 or less, and a maximum increase of £2,000 for those earning £80,000 or more.						
2.5	The Scottish Budget 2020/21 does not include indicative spending plans for future years, either for Resource or Capital. The Scottish Government has also made clear that its draft budget is prepared on the assumption that there will be no detriment to the Scottish Budget because of the UK's exit from the European Union.						

3	Scottish Budget 2020/21 – SFRS Allocation																																
3.1	<p>The draft SFRS budget, as outlined within the Scottish Government’s Scottish Budget 2020/21, is shown in the table below;</p> <table border="1" data-bbox="371 309 1347 705"> <thead> <tr> <th data-bbox="371 309 740 434" rowspan="2">SFRS</th> <th data-bbox="740 309 895 434" rowspan="2">Actual 2019/20 (£m)</th> <th data-bbox="895 309 1050 434" rowspan="2">Draft 2020/21 (£m)</th> <th colspan="2" data-bbox="1050 309 1347 376">Increase/ (Decrease)</th> </tr> <tr> <th data-bbox="1050 376 1214 434">(£m)</th> <th data-bbox="1214 376 1347 434">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="371 434 740 479">Total Budget</td> <td data-bbox="740 434 895 479">327.2</td> <td data-bbox="895 434 1050 479">333.3</td> <td data-bbox="1050 434 1214 479">6.1</td> <td data-bbox="1214 434 1347 479">1.86</td> </tr> <tr> <td data-bbox="371 479 740 524">Less Non-Cash</td> <td data-bbox="740 479 895 524">24.8</td> <td data-bbox="895 479 1050 524">24.8</td> <td data-bbox="1050 479 1214 524">-</td> <td data-bbox="1214 479 1347 524">-</td> </tr> <tr> <td data-bbox="371 524 740 591">TOTAL CASH</td> <td data-bbox="740 524 895 591">302.4</td> <td data-bbox="895 524 1050 591">308.5</td> <td data-bbox="1050 524 1214 591">6.1</td> <td data-bbox="1214 524 1347 591">2.01</td> </tr> <tr> <td data-bbox="371 591 740 658">Resource (Cash)</td> <td data-bbox="740 591 895 658">269.9</td> <td data-bbox="895 591 1050 658">276.0</td> <td data-bbox="1050 591 1214 658">6.1</td> <td data-bbox="1214 591 1347 658">2.26</td> </tr> <tr> <td data-bbox="371 658 740 705">Capital (Cash)</td> <td data-bbox="740 658 895 705">32.5</td> <td data-bbox="895 658 1050 705">32.5</td> <td data-bbox="1050 658 1214 705">-</td> <td data-bbox="1214 658 1347 705">-</td> </tr> </tbody> </table>	SFRS	Actual 2019/20 (£m)	Draft 2020/21 (£m)	Increase/ (Decrease)		(£m)	%	Total Budget	327.2	333.3	6.1	1.86	Less Non-Cash	24.8	24.8	-	-	TOTAL CASH	302.4	308.5	6.1	2.01	Resource (Cash)	269.9	276.0	6.1	2.26	Capital (Cash)	32.5	32.5	-	-
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3.2	<p>This budget is provided to enable SFRS to deliver against its priorities and objectives as laid out in the Fire & Rescue Framework for Scotland 2016, with a focus on broadening SFRS’s contribution to public sector outcomes through prevention and collaboration.</p>																																
4	SFRS Strategic Context																																
4.1	<p>In October 2019 SFRS published its Strategic Plan 2019-2022, which sets out the Service’s commitment to transforming, to do more for Scotland and to adapt to the changing nature of risk facing our communities.</p>																																
4.2	<p>A key enabler, as outlined in the SFRS public consultation which took place in spring 2018, is to broaden the role of firefighters, both in prevention and in response to changing risks. Through the recognised UK-wide NJC (National Joint Committee) negotiating arrangements, a multi-year, above-inflation, pay offer has been made to the uniformed workforce to undertake this broadened role. The offer is currently subject to a member ballot by the Fire Brigades Union, the results of which will not be known until early March.</p>																																
4.3	<p>The Minister for Community Safety has publicly stated, on several occasions, the Scottish Government’s support for the proposal to broaden the role of firefighters, as well as the need to demonstrate progress to secure continuing investment. However, given the continuing uncertainty regarding the pay offer, the Minister has confirmed that the draft budget for SFRS, as published within the Scottish Budget 2020/21, does not include provision to fund the current pay offer.</p>																																
4.4	<p>Working with the Scottish Government and emergency service partners, SFRS will continue to contribute to the development of the UK-wide Emergency Services Network, through the Emergency Services Mobile Communications Programme. While the timeline for delivery remains unclear, it is anticipated that preparatory costs will increase in the short/medium term. Within the Budget 2020/21, the Scottish Government has signalled its continuing commitment to this programme and as such SFRS will continue to refine its estimate of these costs, which are assumed to be funded centrally.</p>																																
4.5	<p>Working alongside Police Scotland and other partners, SFRS will support the safety and security of the COP26 summit in November 2020, as a key responsibility under the Civil Contingencies Act 2004. The Scottish Government has stated its aim of working with the UK Government to achieve full cost recovery for this event. SFRS budget plans will assume that any costs that can be directly attributed to the event will be recovered in full.</p>																																

4.6	Consistent with Scottish Government assumptions, no provision will be made for additional costs arising from the UK's exit from the European Union.
4.7	Accounting standard IFRS 16 Leases will be adopted by the public sector from 1 April 2020, which will result in the reclassification of certain costs between Resource and Capital. Information has already been supplied to the Scottish Government and it is expected that the transfer of costs will be matched by an equivalent transfer of budget during the financial year. As such this change is assumed to be cost-neutral.
5	Resource Budget
5.1	Employee costs account for c.80% of the SFRS budget, and as such pay inflation is a material and inevitable cost pressure. The cost of each 1% increase in pay for all staff is c. £2.1million per annum.
5.2	The Service is required to consider the principles of Scottish Public Sector Pay Policy when negotiating pay settlements for support staff. Through SFRS collective bargaining, a two-year pay deal was agreed in June 2019, covering the period from 1 April 2019 to 31 March 2021. As a result, support staff pay will rise by 3% from 1 April 2020, which will be incorporated within budget plans.
5.3	For uniformed staff pay, SFRS operates within the UK-wide NJC arrangements. Pending a decision on the pay offer, and within the current funding envelope, provision will be made for a uniformed pay increase of 1.9% in July, in line with projected Consumer Price Inflation (CPI). If a pay deal is agreed, further engagement will be required with the Scottish Government regarding funding. For financial year 2020/21, the additional cost of the current pay offer, over and above 1.9% in July, is estimated at £11.3million.
5.4	Inflation in relation to non-pay costs will be based on projected CPI for 2020/21 at 1.9%, unless more specific information is available, e.g. utility contracts.
6	Capital Budget
6.1	The Board approved a 3-year Capital Programme in March 2019 covering 2019 – 2022. This was intended to be a rolling 3-year programme and as such will be refreshed and rolled forward to cover 2020 – 2023, providing firm proposals for 2020/21.
6.2	The “flat cash” funding settlement outlined within the draft budget proposal is particularly challenging. Asset investment backlog has been regularly highlighted in recent years with, for example, over 50% of the estate assessed as being in poor or worse condition, over 60% assessed as poor or worse for suitability, and 50% being more than 40 years old. In addition, during 2019/20, the presence of Reinforced Aerated Autoclaved Concrete (RAAC) panels has been detected in numerous roofs within the SFRS estate, resulting in immediate and ongoing additional costs to maintain these buildings in operational use, with a significant investment requirement in the medium to longer term.
6.3	Alongside these challenges, the Service is committed to reducing its carbon emissions, which will require significant asset investment over the coming years.
6.4	While capital forecasts for future years will be based on the 2020/21 budget allocation, work will continue throughout the year, in conjunction with the Scottish Government Sponsor Team, to further set out in detail the ongoing challenges this presents for the Service.
6.5	The sale of Mounthooly in Aberdeen is due to complete in July 2020. No other significant capital receipts are anticipated for 2020/21 however work will commence to market both Maddiston and Thornton for sale during the 3-year period.

6.6	Planned expenditure will take account of programme re-profiling undertaken during 2019/20.
6.7	Where opportunities arise during the year to bid for additional capital resources these will be explored. SFRS will continue to work with partner organisations to identify funding streams and collaborative opportunities, particularly in relation to the net-zero carbon agenda, in support of the SFRS Climate Change Response Plan 2045.
6.8	Work will continue with emergency service and other partners, under the auspices of the Reform Collaboration Group, to identify and exploit opportunities for co-location to maximise public value from investment.
7	Recommendation
7.1	The Board is asked to approve the following recommendation; <ul style="list-style-type: none"> • That the proposed Budget Strategy 2020/21 be approved.
8	Key Strategic Implications
8.1	Financial
8.1.1	The financial implications are outlined within the report.
8.2	Environmental & Sustainability
8.2.1	The SFRS Climate Change Response Plan 2045 sets out how the Service will respond to climate change, which will require significant investment over the next 25 years. Work is ongoing to develop the supporting Carbon Management Plan 2020-2025, which will detail the key projects required to commence this journey. This requirement will be considered in developing the Capital Programme.
8.3	Workforce
8.3.1	Employee implications of budget plans will be fully evaluated and discussed as required with representative bodies.
8.4	Health & Safety
8.4.1	There are no health and safety implications directly associated with this report.
8.5	Training
8.5.1	There are no training implications directly associated with this report.
8.6	Timing
8.6.1	It is intended that budget proposals will be presented to the Board for approval in March 2020, following consideration at informal strategy sessions as required during February/March.
8.7	Performance
8.7.1	Budget setting is aimed at ensuring that the SFRS can deliver its service within the allocated financial resources.
8.8	Communications & Engagement
8.8.1	Budget plans will be developed in consultation with representative bodies through the Employee Partnership Forum.
8.9	Legal and Regulatory
8.9.1	SFRS is required through its Governance & Accountability Framework to develop an annual operating plan, linked to budgeting information, demonstrating that resources have been allocated to specific objectives.

8.10	Information Governance	
8.10.1	<i>DPIA completed No. This report does not contain any personal information.</i>	
8.11	Risk	
8.11.1	Specific risk registers will be developed with each of the Resource and Capital budgets.	
8.12	Equalities	
8.12.1	<i>EIA completed No. An Equality Impact Assessment will be carried out as part of the budget setting process.</i>	
9	Core Brief	
9.1	The Director of Finance and Contractual Services sought approval from the Board for the proposed Budget Strategy for financial year 2020/21, which outlines the approach to developing both Resource and Capital budgets, within the context of the Scottish Government's budget proposals.	
10	Appendices/Further Reading	
10.1	Scottish Budget 2020-21, Scottish Government, February 2020 Letter from Ash Denham, Minister for Community Safety, 6 February 2020	
Prepared by:	Sarah O'Donnell, Director of Finance and Contractual Services	
Sponsored by:	Sarah O'Donnell, Director of Finance and Contractual Services	
Presented by:	Sarah O'Donnell, Director of Finance and Contractual Services	
Links to Strategy and Corporate Values		
Working Together for a Safer Scotland		
Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Strategic Leadership Team</i>	<i>24 February 2020</i>	<i>For Approval</i>
<i>SFRS Board</i>	<i>27 February 2020</i>	<i>For Approval</i>