



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

Report to: SCOTTISH FIRE AND RESCUE BOARD

Report Number: B/FCS/15-13

Date: 28 NOVEMBER 2013

Report By: CHIEF OFFICER

Subject: BUDGET STRATEGY 2014 - 2016

1 PURPOSE

- 1.1 The purpose of this report is to seek approval of the strategy to be adopted in developing the SFRS budget for 2014 – 2016.

2 RECOMMENDATION

- 2.1 The Board is asked to approve the following recommendation(s):
- 1) That the proposed budget strategy for 2014 – 2016 be adopted,
 - 2) That the Board arrange to meet on 27th February with a view to agreeing 2014/15 budgets.

3 BACKGROUND

- 3.1 Within the context of the UK Spending Round, the Scottish Government publishes an annual Draft Budget in September which follows parliamentary process over the autumn and winter, whereby a Budget Bill is developed and ultimately enshrined in legislation as the annual Budget Act.

- 3.2 As an Other Significant National Body sponsored by Scottish Government, SFRS is funded directly through Grant in Aid as detailed in the annual Budget Act.
- 3.3 The SFRS Resource DEL (Departmental Expenditure Limit) Budget for 2013/14 was set at £277.238million and its Capital DEL budget at £15.3million.
- 3.4 This funding is provided to enable SFRS to deliver against its priorities and objectives as laid out in the Fire and Rescue Framework for Scotland 2013, and as further elaborated now within the SFRS Strategic Plan 2013-2016.

4 SCOTTISH DRAFT BUDGET 2014/15

- 4.1 The Scottish Government published its Scottish Draft Budget 2014/15 on 11th September 2013, which incorporates a draft budget for 2014/15 and budget plans for 2015/16.
- 4.2 Figures for the Scottish Fire & Rescue Service, as published and further analysed, are shown in the table below:

SFRS	2013/14 (£m)	2014/15 (£m)	2015/16 (£m)
Total Resource DEL	277.800	310.200	283.900
Resource DEL (Non-Cash)	0.562	22.659	24.679
Resource DEL (Cash)	277.238	287.541	259.221
Capital DEL (Cash)	15.300	-	25.300
TOTAL CASH	292.538	287.541	284.521

- 4.3 It should be noted that the significant increase in Resource DEL (Non-Cash) is in relation to depreciation which has now been fully quantified.
- 4.4 Also, the Total Cash DEL in 2014/15 is a combined figure for Capital and Resource. The indicative Capital budget is £22.3million, resulting in a Resource budget of £265.241million, however it is understood that an element of flexibility is permitted.
- 4.5 In addition to these figures SFRS has access to £7million of Transitional Funding for 2014/15 only.
- 4.6 These figures are broadly in line with expectations however represent a reduction in Resource DEL budget of £11.997million in 2014/15 and a further reduction of £6.020million in 2015/16.

5 TIMETABLE AND APPROACH

- 5.1 This Budget Strategy outlines the principles and assumptions that will be adopted in arriving at detailed budget proposals for 2014/15 and indicative budget plans for 2015/16.
- 5.2 SFRS is required through its Governance & Accountability Framework to provide the Scottish Government with detailed budget plans no later than 28th February.
- 5.3 In order to give sufficient time to develop fully costed budget proposals and to allow for satisfactory consultation with key stakeholders, it is proposed to hold an additional Board meeting on 27th February 2014 in order to agree budgets for 2014/15.
- 5.4 A series of Board development sessions are proposed during December and January, as required, to consider options.
- 5.5 Budget plans will also be developed in consultation with representative bodies through the Employee Partnership Forum.

6 BUDGET SETTING PRINCIPLES

- 6.1 In seeking to address the cost reductions required, SFRS will continue to build on work done in 2013/14 and focus on delivering the benefits of reform, as outlined within the Fire & Rescue Framework for Scotland and our Strategic Plan, with the overall aim of improving outcomes for our communities.

7 JOINT WORKING ON COMMUNITY PLANNING & RESOURCING

- 7.1 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 will work with local partners to identify practical opportunities to add real value in this area.

8 PAY INFLATION ASSUMPTIONS

- 8.1 SFRS is required to consider the wider principles of Public Sector Pay Policy when negotiating pay settlements and as such notes the 2-year policy in relation to 2014/15 and 2015/16 published by Scottish Government in September 2013. This policy broadly sets a maximum increase of 1% in each year.
- 8.2 Within this context, and recognising the current situation with existing national pay bargaining arrangements, budget plans will at this stage assume pay inflation at 1% per annum across all categories of staff.

9 CAPITAL EXPENDITURE

- 9.1 Work remains on-going to develop a comprehensive Asset Management Strategy for SFRS, albeit the Board has agreed its Strategic Intent in relation to our property assets, which represent approximately 85% of the value of the asset base.
- 9.2 Capital expenditure plans will now be developed over a rolling 3-year period with firm budgets for Year 1 and indicative plans for Years 2 and 3, which will be refined in future years. It is recognised that funding levels are unknown for Year 3 (2016/17) and require to be estimated.
- 9.3 Capital expenditure plans will be developed with reference to the Board's Property Estate - Strategic Intent, our developing knowledge of the condition and suitability of the overall asset base and the wider considerations of our Strategic Plan.

10 FINANCIAL IMPLICATIONS

- 10.1 The financial implications are outlined within the report.

11 EMPLOYEE IMPLICATIONS

- 11.1 Employee implications of budget plans will be fully evaluated and discussed with representative bodies.

12 LEGAL IMPLICATIONS

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

13 EQUALITY IMPACT ASSESSMENT AND CONSULTATION ARRANGEMENTS

- 13.1 A detailed equality impact assessment will be carried out as part of the budget setting process.
- 13.2 Budget plans will be developed in consultation with representative bodies through the Employee Partnership Forum.

**ALASDAIR HAY
CHIEF OFFICER**

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