The Scottish Fire and Rescue Service (SFRS) welcomes the opportunity to comment to the Finance and Constitution Committee on its consultation on the Impact of Brexit on the Scottish budget.

In relation to the questions asked by the committee in its consultation we will restrict our views to 3 of the 5 questions as we feel these are the areas relevant to our operational context. These are:

1. What additional spending pressures are there on the public finances as a consequence of Brexit?
2. What should the Scottish Government’s priorities be in formulating Draft Budget 2018-19 in response to the initial economic impact of Brexit?
3. Given that increased inflation is likely to disproportionately impact on the poorest, what measures should the Scottish Government take in its Budget to address this?

Q. What additional spending pressures are there on the public finances as a consequence of Brexit?

We are as yet unaware of direct spending pressures as a consequence of Brexit beyond the possibility of wage pressures rising as a result of increased levels of inflation. General Inflation is currently running at around 2.6% and this will clearly start to have an impact on the standards of living of our staff as it will for the whole Scottish population. This may start to make itself felt in our discussions with representative bodies if this level of pressure is sustained. If inflation maintains its current rate, or rises further pushing up the cost of living for our staff, as a major public service we will need to review pay policy. We are currently bound by public pay awards policies of 1% pay awards to staff. If we need to look to extend pay awards beyond that current figure in recognition of the pressures staff are facing we will require additional funding from the Scottish government to cover this as we have no provision in our current budget for more than a 1% award. Inflationary pressures if they continue at their current rate or indeed rise further will also start to impact on other cost pressures such as energy costs, fuel costs etc and again we have no budgetary provision to offset such pressures.

While 2016/17 saw the Service secure a ‘flat cash’ settlement in our resource budget this still means we face additional pressures as a consequence of inflationary rises in the economy. If inflation continues at its current rate or increases we would require Scottish Government to address any such pressures through our budget allocation in future years.

Q. What should the Scottish Government’s priorities be in formulating Draft Budget 2018-19 in response to the initial economic impact of Brexit?

Clearly the Government will wish to protect people and public services if Brexit proves to generate negative economic and social costs. The SFRS is a major public
service that contributes significantly to the economic wellbeing of Scotland. Directly through employment and procurement of goods and services from a range of Scottish companies. We also contribute in other critically important ways through our direct support to businesses in planning against the risk of fire. This helps ensure that business continuity is maintained and contributes to economic growth across Scotland. Consequently we are a major contributor to economic stability, development and employment in Scotland. We would hope that the contribution of the Service to the economy is fully recognised in future public budget allocations. If Brexit does prove to generate negative economic consequences, protecting the contribution of the Service to the economy will be an important aspect of guarding against economic disturbance and its social impacts.

Q. Given that increased inflation is likely to disproportionately impact on the poorest, what measures should the Scottish Government take in its Budget to address this?

Changes in inflationary pressures affect all of the population. The distributional impacts across the population are not something that we feel capable of commenting directly upon. Having said that we are acutely aware of the general impact that inequality factors have upon the demand pressures of all public services including our own. We remain committed to working with our partners in meeting these challenges and working to ensure the most vulnerable and needy in society are fully supported by us in keeping them safe and in enhancing their wellbeing.

We would add further that as the fourth largest fire and rescue service in the world our links to European sectoral networks are and will remain important to us in discharging our duties here in Scotland. We would hope that as the Brexit position clarifies over the next period that any developments in areas such as procurement laws and regulations do not result in precluding European suppliers from bidding for potential contracts with us. We already work with a range of European companies and partners in important areas of our business. Their expertise and excellence will continue to remain important to us in keeping people in Scotland safe from harm.

Further we also operate in areas such as Health and Safety within European regulatory frameworks. Again we would hope that Brexit does not destabilise such arrangements. Stability in how such frameworks are developed and applied in practice is important for us but critically it is also important for businesses in knowing what standards they must adhere to and how those standards will be regulated and enforced. We have a role in regulation around fire safety and the stability in these arrangements is important to the economic performance of Scotland.