I write in response to your letter dated 15th September, in which you have asked what impact, if any, the delay in being advised of the Scottish Government’s budget proposals for 2017/18 will have on our financial planning and decision making for the forthcoming financial year.

As you will be aware, the Scottish Fire & Rescue Service has faced a significant financial challenge over the past 4 years, since its inception in April 2013, whereby it has been necessary to reduce the cost-base of the organisation by £50.2million (17.2%), while maintaining high quality services to the public and delivering on the benefits of reform.

Audit Scotland, in its report in May 2015, acknowledged that the Service is well on track to deliver the savings required from the reform process, and indeed further savings have been secured to fund unavoidable cost increases, such as the increase in National Insurance this year, arising from State Pension reforms, and also to cover the loss of VAT recovery. These savings have been secured using a planned and structured approach, following guidance from Audit Scotland. The Service has developed a robust approach to both medium and long term financial planning, aimed at ensuring we continue to deliver best value for our communities on a financially sustainable basis.

Our planning assumption for 2017/18 is that the current year resource budget allocation will be maintained in real terms, eg will be uplifted to cover unavoidable inflationary pressures. Scheduled savings are being delivered, which will enable other external cost pressures to be contained eg the apprenticeship levy and pensions auto-enrolment. Significant work has also been undertaken in recent months, in conjunction with the sponsor team, to highlight the requirements for capital investment, to enable service delivery and ensure firefighter and community safety. We are planning on the basis that this will be addressed.

The significant challenges facing government, both at UK and Scottish level, in determining appropriate levels of public spending and taxation at this point in time are understood. From the perspective of a service delivery organisation however, it would be extremely difficult to bring forward further savings within a 3-month period prior to the start of the financial year, if budget expectations are not met.

Having already delivered the savings available from managerial and “back office” efficiency, such further savings would require to be found from our service delivery model and the timescale would provide limited opportunity to consult with key stakeholders such as communities, local government and representative bodies.
I trust you will find this information helpful, however, if you require any further detail in relation to these issues I am happy to provide this.

Alasdair Hay
Chief Officer (accountable officer)
19 October 2016