

TAYSIDE FIRE AND RESCUE BOARD**PERFORMANCE MONITORING SUB-COMMITTEE****REPORT BY THE CHIEF FIRE OFFICER AND TREASURER****18 JANUARY 2010****TAYSIDE FIRE AND RESCUE – CONSIDERATIONS FOR FUTURE BUDGETS****Abstract**

This Report identifies areas for consideration for future budget setting within Tayside Fire and Rescue

1 RECOMMENDATION

The Performance Monitoring Sub-Committee note the contents of this Report and the report be submitted to the next meeting of the Tayside Fire and Rescue Board on 1 February 2010.

2 BACKGROUND

One of the main responsibilities of a Fire Authority is to set the budget for the Fire and Rescue Service and so provide the Chief Fire Officer with the resources necessary to serve the communities efficiently and effectively. In combined Fire areas such as Tayside, the Joint Board is responsible for setting the budget for the service.

The sequence of events in the budget setting process recommended by the Scottish Government is shown below:

- (i) Fire and Rescue Board sets its budget;
- (ii) Fire and Rescue Board sends requisition to constituent authorities based on amalgamation scheme agreement which equates to:

	%
Angus Council	19
Dundee City Council	52
Perth & Kinross Council	29

- (iii) Constituent authorities will be notified of the Fire requisition and will consider this along with the remainder of their service budgets and then set Council Tax.

In previous years the Board has approved either two or three years budgets depending on the Available information regarding funding levels. A two year budget was approved in January 2009 for 2009/10 and 2010/11. Given the current financial forecasts it seems prudent that the provisional revenue budget report, which is due to be presented to Tayside Fire and Rescue's Performance Monitoring Sub-Committee on 11 January 2010, and to the full Board on 1 February 2010, should only contain details of that year rather than setting out details of future years. It would also, however, seem prudent to set out in this document, the probable levels of funding by which Tayside Fire and Rescue will be constrained to in future years.

3 FINANCIAL FORECAST

It is generally recognised that there will be a saving required for setting the 2010/11 revenue budget of somewhere between 1% and 3% on the level agreed for 2009/10. This will be subject to the agreement of the Board when the provisional and final revenue budgets are presented at the respective meetings. It is forecast that greater savings will be required to be applied in the 3 years following the setting of the 2010/11 revenue budget. These figures are supported by a recent report by the Centre for Public Policy for Regions which looked at possible scenarios for the Scottish budget over the 2011-14 period. This report has since been reviewed by SOLACE (Society of Local Authority Chief Executives) and the Chartered Institute of Public Finance and Accountancy Directors of Finance Section, and cumulative real terms funding reductions of 12% in the period up to 2013/14 are now considered to be a reasonable working assumption.

A high level analysis of Tayside Fire and Rescue's provisional 2010/11 revenue budget shows that a high proportion of costs can be allocated to expenditure on people, therefore savings of this level leaves Tayside Fire and Rescue facing a difficult future and significant challenges in providing the current level of service it does to all its communities.

The table below represents the provisional budget analysis:

Cost Category	£	%age of Net Budget
Staff Costs	19,396,358	80.47%
Property Costs	1,284,143	5.33%
Supplies and Services	1,848,930	7.67%
Transport Costs	766,964	3.18%
Third Party Payments	4,800	0.01%
Capital Financing Costs (excl. Loan Charges)	1,100,000	4.57%
Gross Budgeted Expenditure	24,401,195	101.23%
Income	297,250	(1.23%)
Net Budgeted Expenditure	24,103,945	100.00%

The net budgeted figures for the periods 2010 to 2014, assuming a 4% saving year on year, would be as follows:

Financial Year	Gross Budget	%age Savings	Cash Savings
	£		£
2010/11	24,103,945		
2011/12	23,139,787	4%	964,158
2012/13	22,214,195	4%	925,592
2013/14	21,325,627	4%	888,568

As can be seen, when the cash savings are compared to the running costs of Tayside (Property, Supplies and Services and Transport Costs), the situation becomes potentially critical. This hinges on the fact that there is a certain level of expenditure within the total budget that can be classed as uncontrollable. This will include items such as rates, rents, licences and insurance premiums which it is difficult, if not impossible, to reduce. After this, excluding staff costs, it is only possible to reduce the Service's controllable costs as far as the

requirements of the service will allow, after which the level and quality of service delivery may be drastically affected.

There is limited scope to reduce the Service's controllable costs without severely impinging upon the quality of service delivery. For example, any reduction in staff costs will undoubtedly have an effect on either the quality or level of front line services being delivered. As examples, it has been estimated that the withdrawal of a wholetime pumping appliance from a station within Tayside would result in a saving of some £825,000 but would also result in the loss of some 25 firefighters posts; the withdrawal of a Retained pumping appliance would result in a saving of approximately £72,000; the reduction of 1 Senior Officer post (Group Manager Grade), including oncosts would result in a saving of approximately £60,755.

This analysis should be viewed along with the fact that between the years of 1979 and 2008, Tayside Fire and Rescue was the only fire and rescue service in Scotland which did not increase its wholetime uniformed establishment. Since 2008 Tayside Fire and Rescue has reduced its wholetime uniformed establishment by 18 posts. In addition, over the last 5 years Tayside has made cashable and non-cashable efficiency savings of £914,320 and £2,300,358 respectively.

It is feasible that some of the savings required could be funded from the Board's General Reserves, however, this cannot be viewed as a long term sustainable strategy.

S Hunter
Chief Fire Officer

J Symon
Treasurer

Background Papers

No background papers, as defined in section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

Fire and Rescue Headquarters
DUNDEE

