

Criminal Justice Committee

Pre-budget scrutiny 2025-26

Written submission by the Scottish Fire and Rescue Service, September 2024

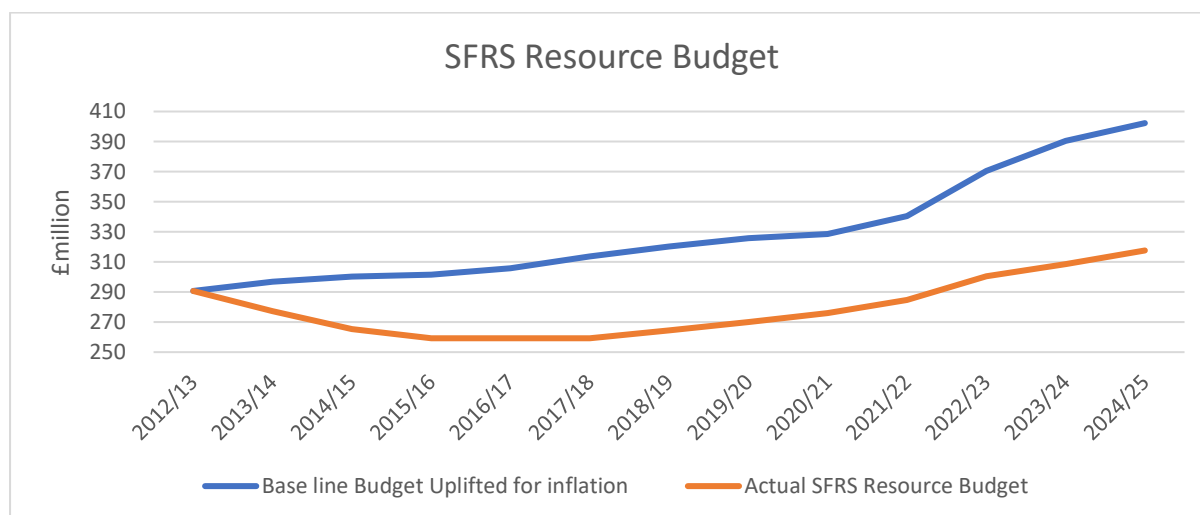
Introduction

The Criminal Justice Committee of the Scottish Parliament has asked for information regarding the proposed reforms to the Scottish Fire and Rescue Service (SFRS) and the budget challenges facing the Service.

In exploring the budgetary challenges, it should be remembered that the reform of the Fire and Rescue Service in 2013/14 was intended to deliver significant savings through the creation of a single national service for Scotland.

It was estimated in the Financial Memorandum for the Police and Fire Reform (Scotland) Act 2012 that the reform of the Fire and Rescue Service could generate efficiencies of £328m by 2027/28. To date SFRS is on track to exceed the efficiency target set out at the point of reform.

SFRS Cumulative Savings 2013/14 to 2024/25 (£m)



We forecast that, since the reform of the Service, the cumulative total of all savings achieved by SFRS is projected to be approximately £908.5 million by 2027/28. These savings have been delivered due to a systematic efficiency programme that included the development of a Target Operating Model (TOM) that reduced the number of Whole-Time (WT) operational posts by 511 and a significant reduction in executive and senior management posts while protecting community safety. We have also rationalised our non-operational property estate, reviewed the locations and numbers of specialist vehicles, undertaken process efficiency reviews,

restructured internal elements of the Service and secured procurement benefits by operating as a single organisation.

SFRS Budget: 2023/24 to 2024/25

Following the publication of the Resource Spending Review (RSR) in May 2022, SFRS initially planned for annual flat cash settlements in the budget for the 4-year RSR period. While in the first two years of the RSR period our budget position has been better than flat cash, we have still experienced significant budget pressures.

Balancing the budget in 2023/24 required in-year savings totalling £11.06m. The savings were achieved by reducing employee costs by £4.7m and non-employee costs by £6.36m. The time pressures we faced in doing so were incredibly challenging as we are driven by an annual rather than a strategic budget planning cycle. By modelling changing community risks through our Community Risk Index Model (CRIM) we can understand how community risk is changing in Scotland and identify where change to SFRS resources (people and assets) across our station network could be made with the least impact on community safety. Based on our evidence-led modelling we temporarily removed 10 second or third appliances from multi pump stations. Aligned to this we implemented changes to our high reach appliances, placing them in the most strategic locations where they can provide more optimised and effective resilience on a national basis. We also amended the crewing for water rescue at Polmadie Community Fire Station to be more in line with all other water rescue stations throughout Scotland. These savings delivered a reduction in the WT Service resulting in some 166 firefighter posts being removed from the TOM on an interim basis.

In the 2024/25 budget settlement the Service received an increase in both its resource and capital budgets. The resource budget for 2024/25 was £317.6m which is an increase of £13.6m, or 4.5%. This included a previously agreed element to cover the cost of the second year of a firefighter pay settlement (£4.1m) meaning the cash uplift was £9.5m or 3.1%. While welcomed by the Service, we were still faced with making further savings of approximately £4m in 2024/25 on the resource budget to offset pressures arising from staff pay awards and non-pay inflation. To achieve a balanced budget a range of actions were taken including a delay in bringing new employees into the Service and the introduction of a 10% vacancy factor within support staff functions. In training we decided to reduce the number of training events that required overnight accommodation costs and ran local training events in their place.

In July 2024 through the UK wide National Joint Council (NJC) the issue of modernising the structure of retaining fees paid to On Call Firefighters was settled. The new arrangements, while welcomed by SFRS, will add approximately £4m to the cost base of SFRS when they come into full effect. The first payments on these new arrangements will commence in January 2025 adding £900,000 to Service expenditure for 2024/25.

The Capital budget for 2024/25 was set at £43m which is an increase of £10.3m or 31.5%. This increase was also welcomed by the Service. However, the Service is facing a capital backlog of some £818m of which £496m is to develop the

operational estate up to modern station design standards. Our estimate is that we require a capital budget of approximately £80m per annum sustained for 10 years to deal with our investment backlog challenges. Without this investment that modernisation will be challenging to deliver.

The Look Ahead

Notwithstanding the savings we have delivered and assuming a flat cash budget settlement figure through to 2026/27, as set out in the RSR, SFRS is now facing acute financial and budgetary pressures that will necessitate hard choices in how we deliver our services in the year ahead and beyond.

As SFRS operates on an annual budget cycle, we do not have the ability to hold financial reserves over a period of years. This makes long term financial planning and investment challenging. Consequently, we are required to make assumptions about our long-term resource and capital budgets, meaning our investment plans are contingent upon the actual annual budget position each year. This further means that when savings must be achieved these come as short-term cuts to balance the budget.

In anticipation of further budgetary pressure, but with our 2025/26 budget unknown until the end of 2024, we have developed financial scenarios to enable us to model those pressures and plan, as best we can, how we can manage them.

It is important to note, as we have previously submitted to the Committee, about 80% of our Resource Budget is spent on staff salaries and of that, 80% is spent on Operational staff salaries. Operational salaries are further broken down as follows: 66% WT Firefighters, 3% Control Firefighters and 11% On Call Firefighters. This means that, given our previous savings exercises, when the Service experiences significant budgetary pressures the ability to make savings without impacting on employee cost areas are extremely limited.

We have modelled four financial scenarios that show the funding gap in the Service, if these come to pass. Each scenario is based on SFRS experiencing inflation within its cost base which matches SGs most recent assumptions.

Financial Scenarios Funding Gaps: Cumulative Totals

Funding Scenario	Funding Gap 2025/26 (£m)	Funding Gap 2026/27 (£m)
Balanced base budget each year	0	0
Flat cash base budget each year	11	23
1% reduction in base budget each year	15	29
2% reduction in base budget each year	18	36

To illustrate the impacts of such financial scenarios in staffing terms and based on our current employment numbers across the Service, we have set out below what this would look like in terms of the numbers of staff posts that would need to be removed to meet the budget gap. The figures are modelled on the basis that the funding gaps set out above for the whole Service are proportionally split between operational and support budgets based on an 80/20 split that reflects the salary cost balance in the Service. We have then calculated the number of firefighter posts and support staff posts that would need to be removed from the Service to achieve those levels of savings in each area using the hourly salary rate for firefighters and the average salary for support staff.

In Year Staff Posts Cuts Required to Meet Funding Gap: Cumulative Totals

Funding Scenario	Firefighter Posts		Support Posts	
	25/26	26/27	25/26	26/27
Balanced base budget each year	0	0	0	0
Flat cash base budget each year	- 215	- 423	- 53	- 97
1% reduction in base budget each year	- 274	- 539	- 68	- 123
2% reduction in base budget each year	- 334	- 653	- 83	- 149

For context the Service is anticipating 309 WT firefighter retirements / leavers over this two-year period. In each scenario we would not backfill those vacancies but would in all cases need to remove additional firefighter posts to meet the funding gap. For support staff post removals, both short and long term, will impact on our capacity and capability to procure and maintain assets, support and develop our people, manage our money, and deliver change across the whole Service.

In operational terms the different financial scenarios and firefighter post reductions would require us to remove operational appliances from the Service. At the beginning of 2023/24 the Service operated with 116 WT appliances. To meet in year budget pressures, we removed 10 appliances or 9% of WT appliances on a temporary basis. The number of appliance removals set out in the financial scenarios below illustrate the cumulative number of required withdrawals including the 10 temporary withdrawals.

Impacts of Financial Scenarios on Number and Percentage of WT Appliances: Cumulative Totals *

Funding Scenario	2025/26		2026/27	
	Number	% of WT Appliances	Number	% of WT Appliances
Balanced base budget each year	-10	9	-10	9
Flat cash base budget each year	-19	16	-27	23

1% reduction in base budget each year	-21	18	-32	28
2% reduction in base budget each year	-23	20	-36	31

***Includes 10 temporary appliance withdrawals from 2023/ 24**

Reductions in staffing and WT appliances on these scales would likely result in the closure of some stations across the country.

In the On Call service, in financial planning terms every 5 On Call firefighter posts equates to 1 WT firefighter post. Therefore, in all the financial scenarios outlined above the proportional impacts of the budget reductions on the On Call budget would be highly destabilising of the On Call Service. Each fire appliance in an On Call station requires 10 On Call firefighters to maintain it on the run. In reducing staffing numbers in the On Call Service in the proportions required from the above scenarios this would disproportionately skew community risk in rural and island communities. This in turn would undermine our need to balance our resource deployment to meet community risk across the whole country. This means that the only realistic options the Service would have in finding savings of the scale outlined above is to look predominantly at WT firefighter posts and a proportionate share in Corporate Service posts with a reduced proportional impact on the On Call service.

In all the financial scenarios we can model it must be noted that our ability to reduce the number of firefighter posts is limited. It would be impossible to achieve budget reductions on these scales in year or through natural attrition in the workforce. To minimise the need for initiating severance arrangements, we would require to immediately halt all recruitment to the Service. This would have an immediate impact on capacity and operational service delivery, generating a likely overspend in the additional cost of overtime to maintain operational delivery until changes to the operating model could be made. It is also important to note that there are no mechanisms to make firefighters redundant. SFRS would require the support of SG to secure changes in pension regulations to enable this if it were required. These practical considerations are highlighted to make the point that the means through which we can act to make savings of this scale, if required, are limited and invariably take time to deliver.

Until we know our actual budget situation, all we can do is model such financial scenarios and explore the consequences of the hard choices they will necessitate. This lack of long-term financial certainty and planning is a persistent challenge in building a sustainable Service for Scotland.

Spending Pressures

Despite all efforts in the last few years to deliver ongoing savings within SFRS, we are still faced with significant and complex spending pressures. These challenges require hard choices that we will need to take in the short term but will also require longer term change in how the Service is delivered if a financially sustainable Service is to be achieved. In the next 12 months the most pressing challenges we face are summarised below.

Firefighter pay is negotiated through the NJC and pay awards to firefighters once agreed are paid from July to June the following year rather than in financial years as is common in many other public services. The Pay deal reached through the NJC for 2024/25 exceeded the budget uplift and therefore had to be partially funded from savings. For WT firefighters the total cost amounted to £4.7m from July 2024 to March 2025. For Control Room firefighters the pay award added £0.2m for the same period and for On-Call Firefighters it amounted to £2.042m, of which £900,000 was not anticipated and was therefore unbudgeted by the Service. The support services staff pay offer for 2024/25 is not yet settled at the time of writing and therefore any additional budgetary pressures this may bring are unknown.

There is growing evidence internationally of the higher risks firefighters face in developing several types of cancer arising from exposure to contaminants caused by carrying out their roles. SFRS is working jointly with the Fire Brigades Union (FBU) to tackle this issue and is doing as much as we can to protect firefighters from this risk. We established a joint working group with the FBU to that effect. In 2024/25 we approved a budget of £3.2m for managing fire contaminants in 2024/25. This comprises of capital expenditure of £2.9m, resource costs of £0.3m. It is anticipated there will be an annual recurring resource cost of £0.5m each year thereafter. This financial investment to managing this emerging risk will assist in achieving firefighter safety. But much more and sustained Capital and Resource investment will be required in the years to come if we are to truly tackle this issue.

We noted in the above sections the Capital budget pressures we face, and our latest estate assessment highlights that 45% of our operational property estate is in poor or bad condition, and in terms of suitability 77% of the operational estate is classed as poor or bad. This is likely to worsen when our estate is assessed against the standards that are being developed by the National Fire Chiefs Council (NFCC) for Contaminant Control. Around 65% of our buildings are over 30 years old and should be considered for full refurbishment or replacement. While priority is given to the most urgent needs, our current capital funding means it will take years to resolve problems while the condition and suitability of our estate continues to deteriorate. In addition, we have 14 stations with Reinforced Autoclaved Aerated Concrete, (RAAC) roof panel problems. Dealing with these station problems remains a Service priority despite the Capital Budget limitations and adds to resource budget pressures in the interim period.

The Service operates with 1687 vehicles within our fleet and of that 482 are older than their planned replacement age. This equates to 29% of our total fleet. Breaking the total fleet down into heavy and light fleet, 32% of the heavy fleet is older than the planned replacement age, that is 251 out of 784 vehicles. In our light fleet 26% of vehicles are older than the planned replacement age, that is 231 out of 903 vehicles.

To help meet our budgetary pressures and free up limited capital investment, we are now slowing down our replacement programmes which, in future years, will lead to maintenance and other costs increasing within the Service. To fully modernise our estate and fleet will require sustained and higher levels of investment if they are to meet the needs of a modern fire and rescue service.

Lastly, climate change is having an increasing impact on Scotland and consequently our ability to meet the pressures arising from this. In response to this, we have developed a Wildfire Strategy and have provided additional vehicles, equipment, training and Personal Protective Equipment (PPE) on a risk based and tiered model across Scotland. The wildfire specific PPE that has been provided is currently deployed to the 25 strategically situated stations identified in the tiered approach. However, providing this PPE to all operational personnel if budgets allow will be an ongoing consideration.

In periods of prolonged wildfire risk, the whole Service may be stretched in its capacity to manage wildfire incidents when they occur. Fighting prolonged incidents of this nature, over rough terrain and at times large land mass areas requires support from across the whole Service. Due to the gruelling nature of the tasks on the incident ground this also requires crews to be relieved to provide proper rest and recuperation. When complex, multiple incidents of this nature occur concurrently this places strain on the Service in dealing with them while also remaining resilient to respond to all other varied incidents, that we routinely do on a day-to-day basis across Scotland, simultaneously. In addition, the implications of fighting wildfires for On Call crews is further compounded as those fires predominantly occur in their communities and their actions in tackling these fires over a long period of time places significant demands on them, their private and family lives, and their primary employment. These pressures for On Call crews adds a further driver to the need to modernise the On Call Service which we have initiated and which in turn requires sustained investment.

To meet the demands arising from extreme rainfall patterns across Scotland and the heightened risks of flooding in many cities, towns and villages that this brings, we need to identify which critical national infrastructure sites, public services, high risk commercial premises and households are most vulnerable to the impacts of flooding. When these events occur, we need to be able to swiftly respond to protect those communities and households over prolonged periods, where it is highly likely there will be multiple events occurring concurrently. Consequently, we need to ensure our firefighters are appropriately trained and equipped to support people during these emergencies. The challenge of the climate emergency is happening now and requires us to continue investing in our Service Delivery model to ensure that we can respond appropriately in the years and decades ahead.

SFRS Change Ambitions

In 2023 we launched the Strategic Service Review Programme (SSRP) which has an overarching aim of modernising the Service as a whole. These plans are not simply to deal with short to medium term financial challenges; they are to develop the organisation into the Service it needs to be if it is to continue protecting Scotland's communities and meet changing community risks across the country.

At its core the SSRP operates on the basis that in achieving change we can identify savings in how we work and reinvest that money back into the Service to develop new functions, adopt new technologies and safeguard communities and firefighters into the future. For this to work though it will also require continued investment in the Service. By investing in change, we are confident that a more sustainable,

modernised, agile and stable Service can be delivered. To achieve our ambitions set out in the SSRP we have established three work programmes to review and modernise how the Service operates.

Firstly, the Service Delivery Programme is reviewing all aspects of the operational models of SFRS. This includes exploring options from where stations are best located to meet changing community risks, to how the On Call service of the future can be redesigned to meet the specific challenges facing rural and island communities across Scotland. The programme is also exploring different duty systems, different firefighting technologies and the possibility of an expanded role for firefighters in keeping communities safe and in protecting their wellbeing. It also includes the further development of our partnership working with other emergency services and the wider public service system in Scotland. As we explore these matters and bring forward change options, which will undergo full community and stakeholder consultation, our ambition remains clear - keeping communities and firefighters safe. However, these ambitions require investment. If that investment is not available and if we must find budget cuts, those ambitions will be limited and, in some cases, impossible to deliver.

The Second programme of work relates to Corporate Support Services and the need to ensure they are as effective and as efficient as they can be in meeting the needs of the Service as a whole. During 2024 we worked with Police Scotland to explore if deeper levels of collaboration and integration could offer a better way of delivering these functions and achieve savings to both Services. An Outline Business Case (OBC) was commissioned from an external professional support organisation which explored matters in depth. The conclusion of the OBC was that significant up-front investment was required to generate limited financial benefits over a ten-year period. However, the risks associated with this option were deemed to be significant against the outlined benefits and savings. As such the SFRS Board and the Scottish Police Authority Board concluded that an integrated set of support services was not a priority given wider pressures in both SFRS and Police Scotland. For SFRS this means our corporate support services review programme will explore other means of modernisation, which will still include collaboration with other bodies, to ensure the design and delivery of support services is fit for purpose for a modern fire and rescue service.

The third SSRP programme, Enabling Infrastructure, covers property, fleet, operational equipment and technology. We are committed to providing our firefighters with modern, up to date facilities, fleet and equipment that enhances their safety and maximises our capability to meet the needs of communities. We are piloting a new concept of a Rural Community Resilience Hub in Portree where modular building techniques are being utilised to build a new modern Community Fire station that is also carbon neutral. The structure design is flexible and will enable partners to share the premises by adding additional modules to the structure. This will offer the prospect of building sustainable community service hubs for local communities at a much lower cost to the public purse than via traditional construction methods. It will also help us and partners reduce our carbon footprint, channel employment opportunities into the local construction communities of Scotland, enhance rural public service presence and critically for SFRS help enhance local On Call firefighter recruitment and retention by providing modern work facilities.

All our SSRP review activities are aligned to SG's Public Service Reform ambitions and are intended to deliver a modern, efficient and effective set of services to the communities of Scotland. It is intended that the Service continues to evolve and adapt to the pressure we and our communities face and to do so while keeping firefighters safe. Our emerging plans offer an alternative to a fiscally challenged future. They offer the prospect of change being achieved on a planned and managed basis and where safety for communities and firefighters remains paramount. We know those changes will still present us with challenges, but we are convinced they offer a better future for SFRS and Scotland. However, ambition must be matched with investment if those plans are to be realised. They offer an alternative path to the future and one we remain convinced is better for Scotland.

Conclusion

SFRS has made significant savings to date while still protecting the people of Scotland. We have an enviable track record in doing this in recent years and in delivering reform at the same time. However, our ability to keep modernising in the face of financial pressures is becoming increasingly difficult. Consequently, this would in turn further impact on the national resilience of Scotland and of our communities.

Despite the challenges we face, SFRS remains ambitious for Scotland. We see our change ambitions through the wider lens of Public Service Reform. But to realise our ambitions we require sustained and planned investment. That investment will enable us to change, adapt and modernise, but without it our ability to change will be compromised and our underlying cost pressures will never be resolved. Without change our future may be one of organisational retrenchment with the prospect of compromising community and firefighter safety despite our wishes.

We have set out an ambitious reform programme in SSRP which will enable us, if it is invested in, to deliver the change we need to make and to build a sustainable Service for the future. We know from our own experience of reform that change brings challenges, but our track record of reform gives us confidence in our future ability to modernise further. To be able to fully meet the changing risks facing Scotland's Communities and the challenges this is creating for the country, we must change. We are committed to working with and consulting with our communities and partners to deliver the change the country needs of us. We invite others to join with us in making this happen.