



SCOTTISH
FIRE AND RESCUE SERVICE
Working together for a safer Scotland

Long Term Financial Strategy 2017-2027

**Working together
for a safer Scotland**

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1. EXECUTIVE SUMMARY

The Scottish Fire and Rescue Service, established in 2012 with a remit to improve the safety and wellbeing of people throughout Scotland, must operate within a statutory Framework that reflects the key aims of public sector reform as set out by the Christie Commission.

With the initial reform process now well established, the Service is moving to the next phase of its journey.

Our financial, workforce and asset base is well understood, alongside the environment in which we are operating and the demand that is currently placed on our services, both in relation to our traditional response role as well as our prevention and collaborative work.

We have used scenario planning to consider a range of possible futures for the Service and have reflected on the financial environment, both in terms of our cost base and potential funding.

We have developed, and named, four distinct scenarios which reflect the key variables of the financial climate we are operating in, and the contribution to public service which is required of SFRS.

While we recognise it is unlikely that any one of the scenarios we have developed would occur exactly as we have described, we believe that the elements of each are sufficiently probable to merit their use as planning tools.

We believe that the scenario which we have named ***Spreading Like Wildfire***, in which SFRS takes on a wide range of new responsibilities, beyond its traditional role, and is supported to do so with appropriate funding, represents the best possible future for the Scottish Fire and Rescue Service, providing the greatest public value for taxpayers investment, and maximising our opportunity to secure long term financial sustainability.

As such we will pursue a financial strategy which works towards this position by demonstrating our public value, to extend the role of SFRS and secure funding; controlling our costs through continuing to maintain sound financial management, considering options for financial savings, enhancing productivity, responding to the opportunities presented by staff turnover, modernising our asset base, and collaborating with partner organisations to maximise return on public investment; and managing change effectively through robust programme management, comprehensive consultation and engagement, and seeking continuous improvement.

We have analysed the risks facing the Service as it moves forward, within the wider context of our corporate Strategic Risk Register and will ensure that appropriate processes are in place to manage these risks as we implement our strategy to deliver the best possible service for the people of Scotland.

2. BACKGROUND

The Scottish Fire and Rescue Service (SFRS) was established, as an Other Significant National Body, on 31 August 2012 and took on its full range of functions on 1 April 2013, replacing the eight previous fire and rescue authorities and joint fire and rescue boards.

The SFRS has a key role to play in helping to achieve the Scottish Government's Purpose of creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. This Purpose is underpinned by five strategic objectives and sixteen national outcomes, many of which the SFRS contributes to, however its core contribution relates to making our communities safer and stronger.

STATUTORY RESPONSIBILITIES

- Set out by The Fire (Scotland) Act 2005 as amended by the Police and Fire Reform (Scotland) Act 2012; include the provision of advice and guidance relating to fire safety, and responsibility to respond to fires and road traffic collisions.
- The Service is also obliged under the Fire (Additional Function)(Scotland) Order 2005 to respond to chemical, biological, radiological or nuclear incidents; respond to serious flooding; and respond to serious transport incidents.
- In addition, the Service responds to a wide range of emergencies in domestic, industrial, urban and rural environments including water rescues, rescue from height, severe weather related incidents, heavy animal rescues and many other risk critical events.

Building on the work of the Christie Commission, the Scottish Government has set out 4 key aims of public service reform, to bring about its vision of a public service delivery landscape which is affordable, rises to the challenge of tackling inequalities and supports economic growth across Scotland; where communities are empowered and supported to take responsibility for their own actions; and public services are confident and agile enough to allow that to happen.

These aims are:

Prevention – reducing future demand by preventing problems from arising or dealing with them early on,

Performance – maintaining a sharp focus on performance, ensuring that services are consistently well designed based on the best evidence,

People – making best use of the skills of the public service workforce, empowering them to work together in innovative ways and creating opportunities for communities to co-produce services that best meet their needs,

Partnership - developing local partnerships and collaboration, bringing together public, third and private sector organisations along with communities to deliver shared outcomes that really matter to people.

The Scottish Fire and Rescue Service has been established to be a key player in this agenda. As part of the reform process, the Scottish Government, through the Fire and Rescue Framework for Scotland 2013, set out a new, modern, purpose for the Scottish Fire and Rescue Service aimed at making a real difference for our society and our economy;

*"The main purpose of the Scottish Fire & Rescue Service is to work in partnership with communities and with others in the public, private and third sectors, on **prevention, protection and response**, to improve the safety and wellbeing of people throughout Scotland."*

This purpose has been reaffirmed within the **Fire and Rescue Framework for Scotland 2016** which builds on the foundations established through the key aims of reform i.e. to protect frontline outcomes, while removing duplication; to provide equal access to national resources; and to strengthen the connection with local communities.

These aims are further reinforced for all public bodies through the Community Empowerment (Scotland) Act 2015, which seeks to strengthen the voice of communities in public decision making, and ensure that service providers work more closely together, and with communities, to meet the needs of the people who use those services.

Over this next period the Service is tasked with embedding the benefits of reform and ensuring continuous improvement, building on the four pillars of the Christie Commission. Within this context, the Framework sets out nine **Strategic Priorities** for the SFRS;

- Performance Measures
- Modernising Response
- Safety, Wellbeing and Prevention
- Unwanted Fire Alarm Signals (UFAS)
- Response and Resilience
- Effective Governance and Performance
- Partnership
- People
- Service Transformation

Reflecting on the Strategic Priorities, the SFRS Strategic Plan 2016 – 2019 sets out five key outcomes which the Service is working towards as its long term goals;

- **Our communities are more resilient and people live their lives safe from harm**
- **We are responsive and flexible in meeting community needs**
- **Our people are supported and have opportunity to realise their potential**
- **We protect our natural environment and reduce our impact on it**
- **We are a high quality, continuously improving, efficient public service**

The Scottish Fire and Rescue Service (SFRS) now looks to the future as one of the country's greatest success stories in public sector reform to date. The creation of a single national service – the third largest of its kind in the world – is a transformation that has been delivered while maintaining, without interruption, the high quality service the public has come to trust and respect, while at the same time delivering significant long term efficiencies.

Over four years on, this journey is not complete, and further transformation is essential to ensure the Service can continue to keep the people of Scotland safe. This has been acknowledged recently by the First Minister and Deputy First Minister.

In 2016 the Service presented a business case to Scottish Government outlining the opportunity for the next stage of transformation based on an incremental increase in the SFRS budget from 2017-2021. Our vision is to deliver a planned and managed rebalancing of the frontline work force during that period and year on year savings to be made from 2022/23 onwards.

Our business case also demonstrated that without an adequate increase in funding, taking account of inflation, we will be unable to afford the salary costs of firefighters, or invest in the latest technology to keep fire crews and the public safe. Since we received the budget allocation for 2017-18, the Service has begun to consider a programme of planned and safe changes to the way the frontline service is delivered, in order to make the savings needed to secure the future of the Service.

We have begun to have this conversation with SFRS personnel and with key stakeholders, and will be conducting a formal public consultation in the next few months.

With the initial reform process and integration of the former services well established, and as the Service sets out on the next phase of its journey, this is an opportune time to review our long term financial position to ensure the Service can achieve its vision within a sustainable financial model.

3. OUR COST PROFILE

Since 2013 the SFRS budget has been reduced from £291million to £259million in the current financial year.

Operating within budget has only been possible by identifying efficiencies and streamlining services. SFRS is now operating with the equivalent of a £53.7m reduction in its annual cost base compared to the legacy services prior to reform.

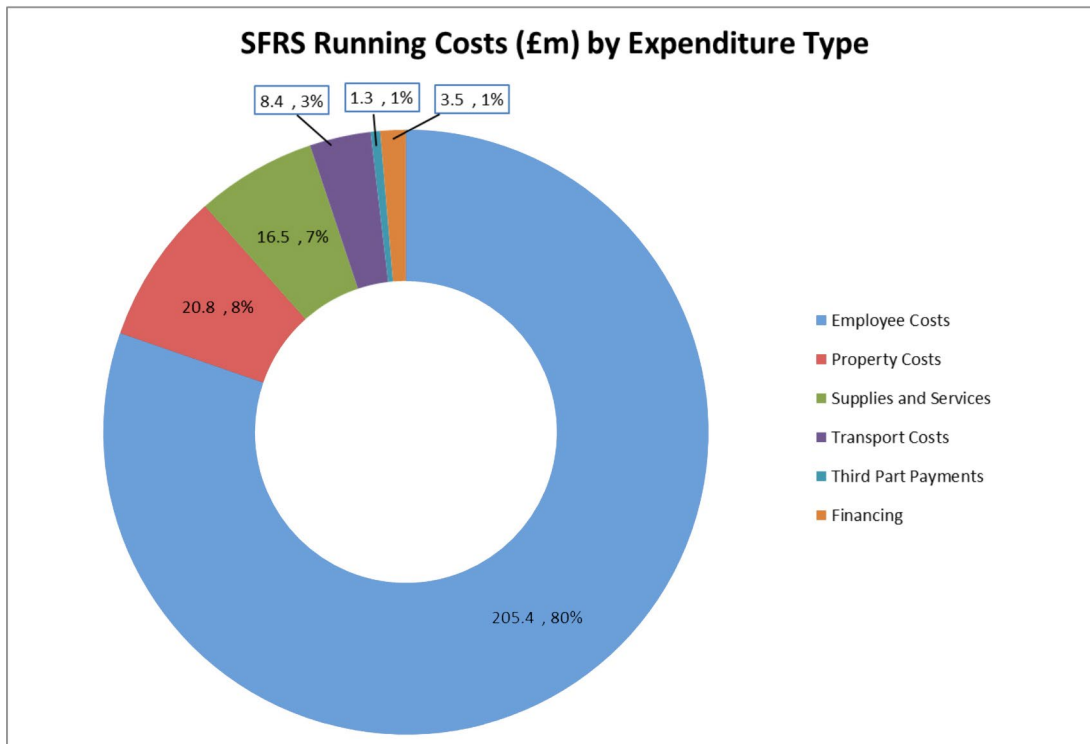
This reflects the combined impact of a £31.5million (c.11%) reduction in budget, while absorbing significant cost pressures of £22.2million, most notably in relation to VAT, pay inflation and government policy changes eg employers national insurance.

The Scottish Fire and Rescue Service and Police Scotland have been the only emergency services in the UK that were required to pay VAT on the goods, works and services they procure in the course of their activities. This has added 20% to our non-employee running costs, the equivalent of around £6million per annum, and reduced the purchasing power of our capital funding by around £4million each year.

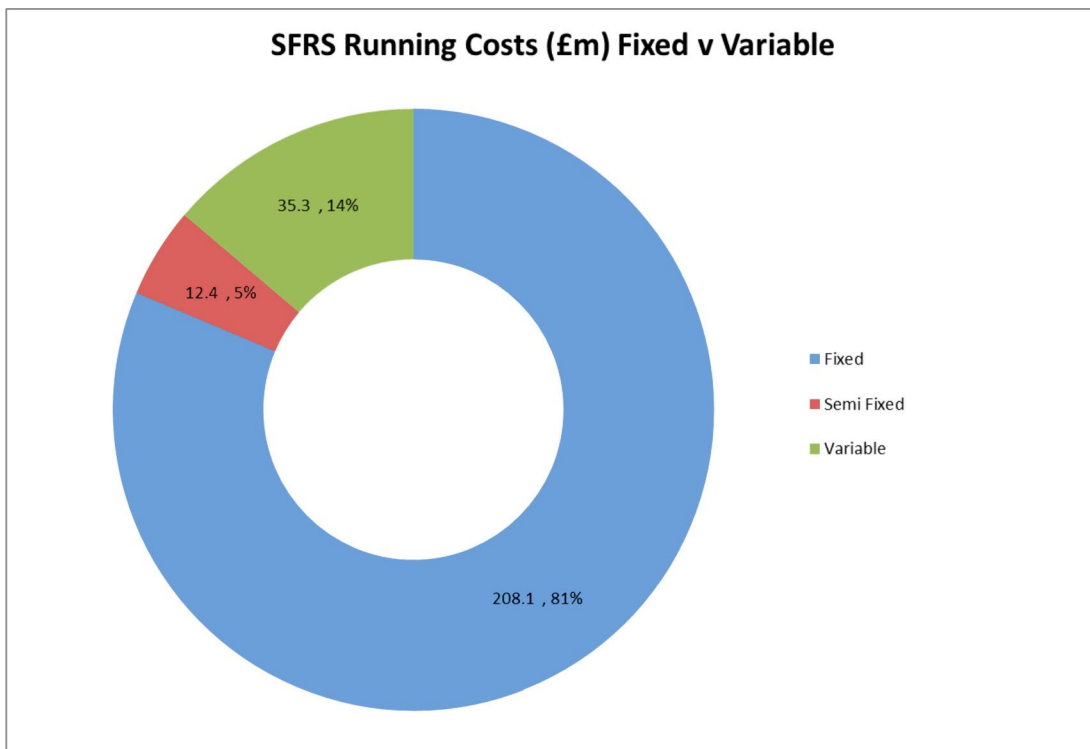
The UK Government has recently announced that the Scottish emergency services will be able to reclaim VAT from 1 April 2018. Confirmation is awaited from the Scottish Government as to the resulting impact on our financial position.

For 2016/17 the net Resource expenditure of SFRS was £255.4million¹. With around £0.6million of miscellaneous income, the gross expenditure incurred to run the service amounted to £256million. Like most public sector organisations, the cost profile of SFRS is heavily focussed on employee costs, which are typically fixed costs.

The charts which follow analyse the total expenditure that was incurred in running the service, firstly by category of expenditure and then showing the proportion of fixed, variable and semi-fixed costs.



¹ There was a net budget transfer to Scottish Government during the year in relation to Firelink, pensions administration and pay recognition.



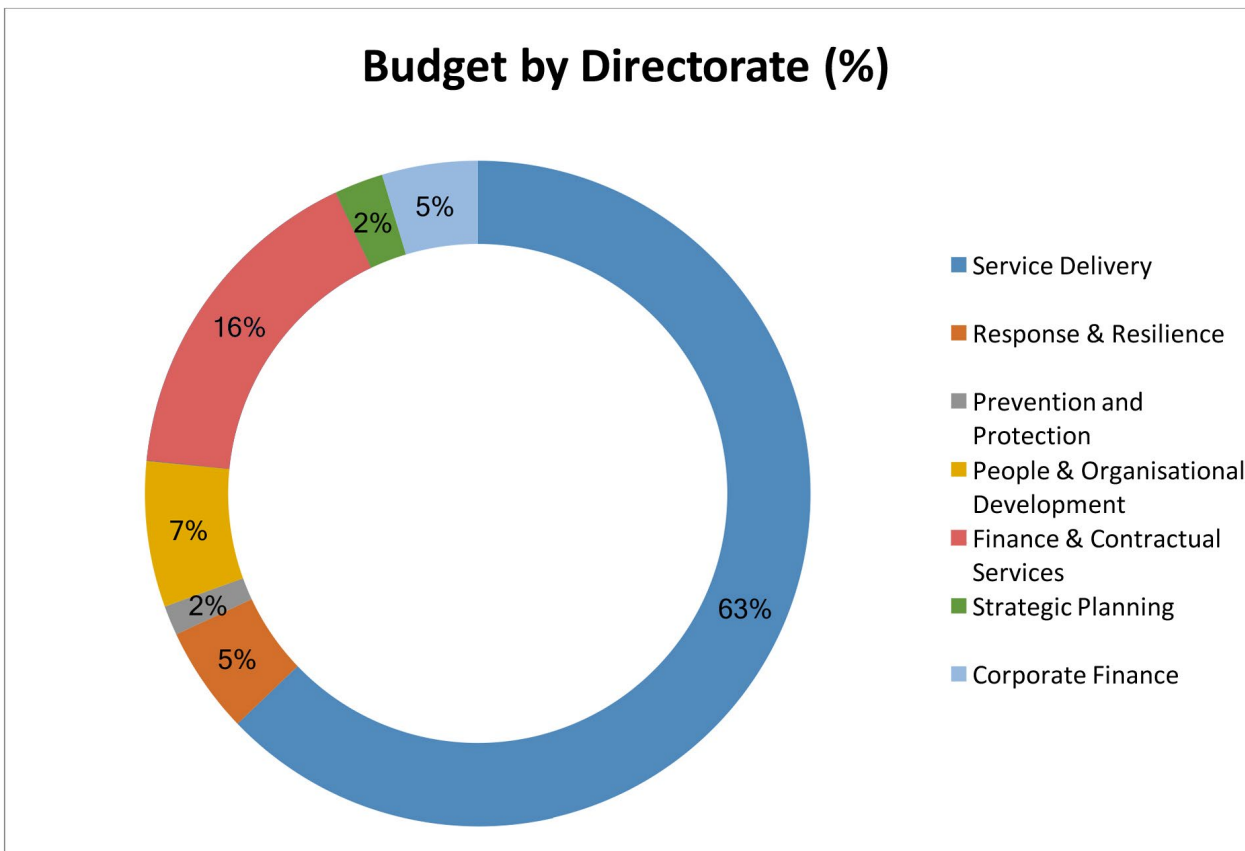
Drilling down to the next level, the table shows how each of these elements is built up;

Category	Fixed	Semi Fixed	Variable	Total	%
Employee Costs	190,201	15,180	-	205,380	80.3%
Property Costs	10,001	5,227	5,548	20,776	8.1%
Supplies and Services	3,900	5,760	6,803	16,462	6.4%
Transport Costs	-	8,364	-	8,364	3.3%
Third Part Payments	488	762	59	1,309	0.5%
Financing	3,468	-	-	3,468	1.4%
Gross Expenditure	208,057	35,293	12,410	255,760	100.0%
	81.3%	13.8%	4.9%	100.0%	

This analysis shows that 80% of our annual Resource Budget is spent on Employee Costs, of which 93% is fixed, covering the salary and related costs for core permanent employees, both uniformed and support staff, with fixed contractual hours.

The remaining 7% relates to our Retained and Volunteer employees, whose pay is primarily activity-led; ill-health early retirement costs; and an element of overtime which provides a small number of additional hours that can be targeted to peaks in demand as well as staffing shortages.

Of our non-employee costs, 35% is fixed, covering property rates, interest payments on legacy long term borrowing, and various fixed contractual arrangements; 40% is semi-fixed, eg not affected by activity levels, covering utilities, digital infrastructure, and vehicle maintenance and running costs; and the remaining 25% of variable costs relate to replacement of personal protective equipment, property repairs and maintenance, supply of smoke alarms and miscellaneous operating costs. Our resource budget is devolved to Directorate and functional level as shown in the following chart;



63% is allocated to Service Delivery with the remaining 38% spread across the other Directorates which support Service Delivery through command & control, policy development, training, health, safety & wellbeing, human resource management, financial management, procurement, ICT, asset management, strategic planning and performance management, corporate communications, support for service transformation, and other corporate services.

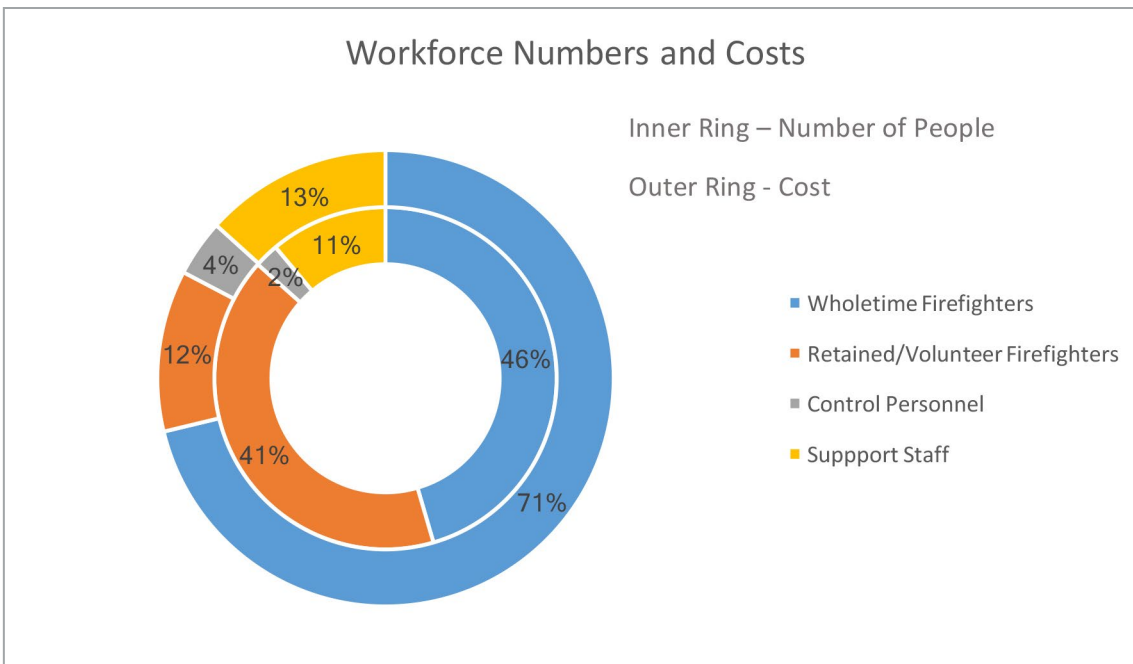
While ultimately all costs are variable in the long term, the fixed, predominantly employee cost, nature of the SFRS budget, like many public sector bodies, makes transformational change challenging to achieve in the short term.

4. OUR WORKFORCE

Since the inception of the Scottish Fire and Rescue Service we have adopted a partnership approach to employee relations, ensuring early engagement with our trade unions in policy development and employment matters, which has been formalised in the Working Together Framework, endorsed by the Board and all trade unions.

The Scottish Fire and Rescue Service employs four broad categories of staff; wholetime firefighters, retained/volunteer firefighters, control personnel and support staff. The table below shows the number of people employed and the cost of each employee category at the end of March 2017. The relative proportions of each are illustrated in the chart that follows;

Category	Number		Cost	
	No.	%	£m	%
Wholetime	3,551	46	141.691	71
Retained/Volunteer	3,210	41	22.770	12
Control	180	2	7.985	4
Support	867	11	26.441	13
TOTAL	7,808	100	198.887	100



Wholetime uniformed personnel, who make up 46% of our people and 71% of our salary-related cost, crew our 74 full time fire stations 24/7 and provide our Incident Command System, as well as undertaking various supporting roles including training, prevention & protection and policy development. At present the target operating model for wholetime uniformed personnel is 3,655, which we have been working towards as part of the reform process, recognising that the inherited geographical distribution of staff does not fully align with the target operating model.

Retained/Volunteer personnel typically work in areas of lower operational activity, on a part time basis, generally having a primary employer/business, with earnings from the Service usually less than £10,000 per annum. The legacy target operating model within this category is 3,309, however recruitment and retention is a constant challenge due to the requirement to be available within the local area for a significant proportion of the week to respond to emergency calls. Work has been ongoing to review this area, the findings of which will be incorporated into our strategy.

Control personnel operate our emergency command and control centres for which we have developed a target operating model of 169, which will be achieved once our Command and Control Futures project is complete, including the introduction of a single modern mobilising system, accessed from all 3 of our new control rooms.

While the broad pay and reward framework for our uniformed personnel is set at UK level, work remains ongoing to harmonise the local elements across Scotland.

The current target operating model for Support staff is 828 full-time equivalent (FTE) posts, which cover a wide range of managerial, professional, technical, administrative and manual roles. Terms and conditions have been harmonised across Scotland for this group of staff with a collective agreement between the recognised trade unions and the SFRS Board, ensuring all employees receive the Scottish Living Wage as a minimum.

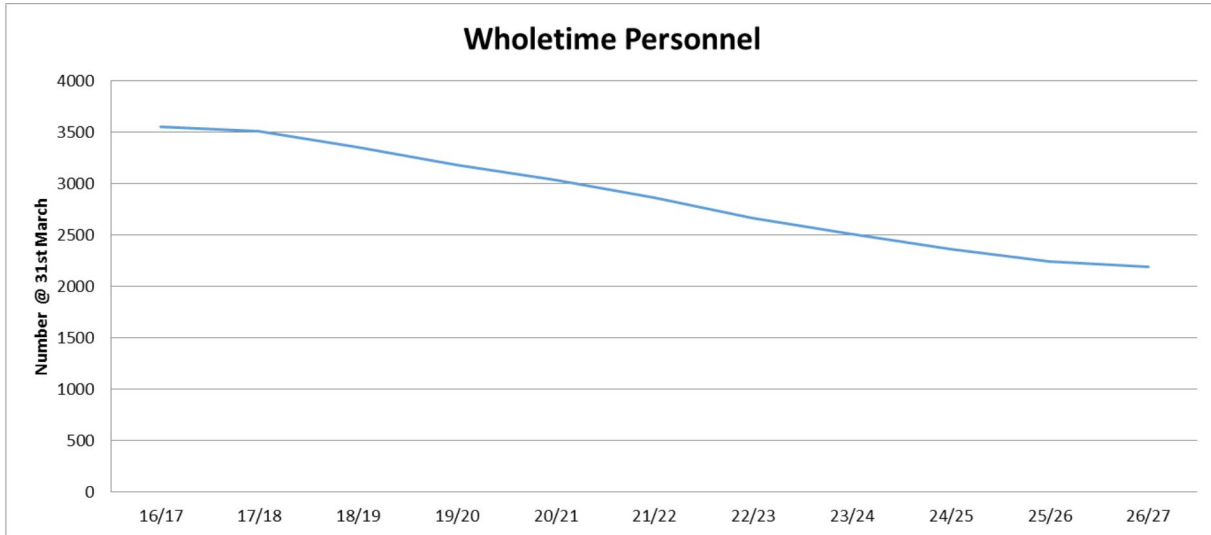
All employees have the commitment of “no compulsory redundancies”, provided by the Scottish Government, and as such any reductions in employee numbers required to reach our target operating models are limited to voluntary resignation/retirement.

Staff turnover within the fire and rescue service is historically very low, with the vast majority of wholetime uniformed leavers accessing their fire service pension, after 30 years of service. Changes have been made to pension schemes in recent years resulting in firefighters being required to work for 40 years before accessing their pension rather than 30 years under the previous pension scheme. With the various protections that are in place however, it will be a number of years before these changes have an impact on the organisation’s retirement profile.

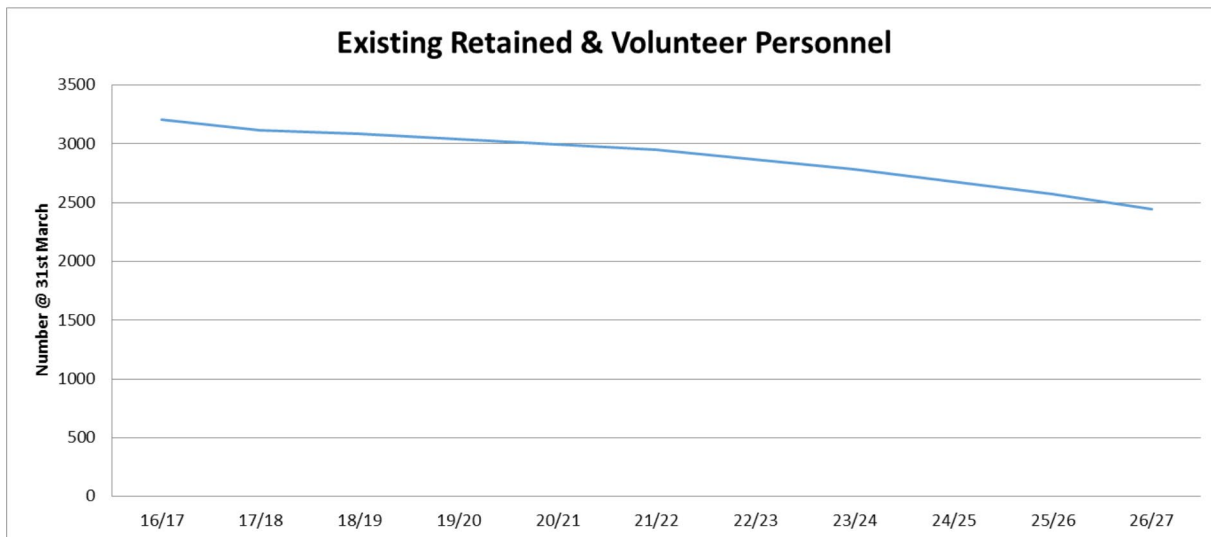
A Voluntary Severance/Early Retirement Scheme was in place for Control and Support Staff to support the integration of the Service during the Reform period, which has largely enabled us to achieve a fit for purpose staffing structure among these groups. The application of this Scheme was supported by Transitional Funding up to 2014/15.

There is no Voluntary Severance/Early Retirement option for firefighters, which is consistent across the UK.

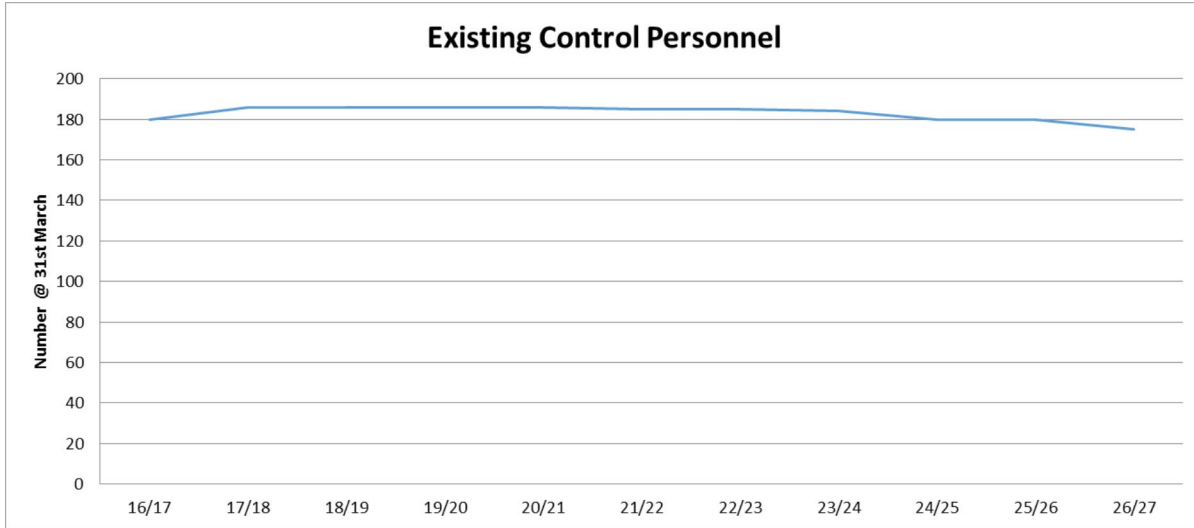
Based on current retirement projections, the following charts show the average number of existing staff in each employee category expected to remain in post over the next 10 years:



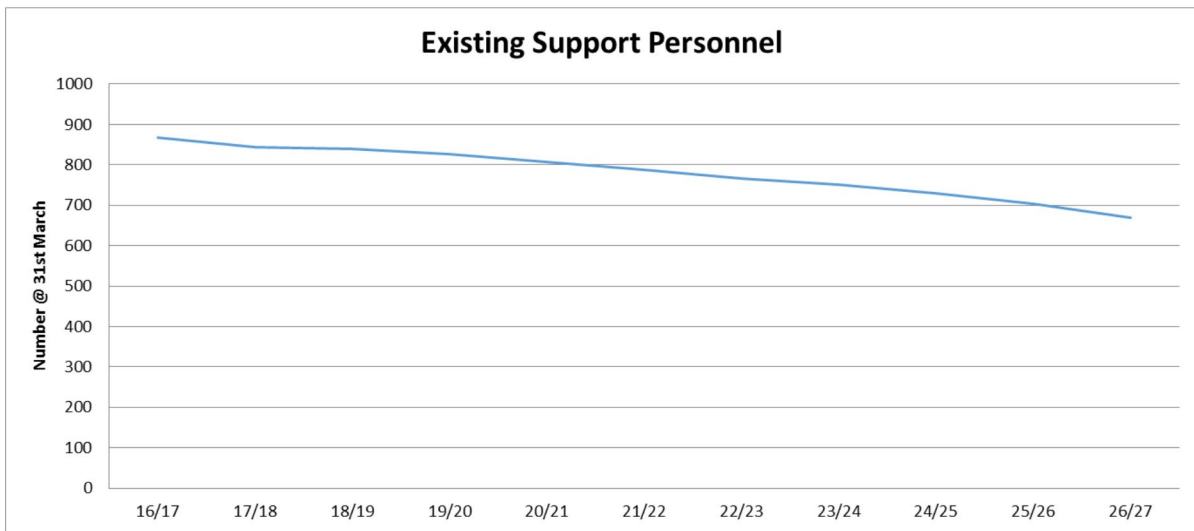
The chart above shows a loss of 1363 uniformed employees (38%) over the 10-year period. On a weighted average basis, at current prices, the employment costs for these employees total £54.4million. Currently 43% of this staff group are aged between 46 and 55, by 2025/26 this would rise to 66% of existing employees still in post. 95% of this staff group are male.



761 retained and volunteer personnel (24%) are estimated to retire over the 10-year period, assuming retirement at age 60. On a weighted average basis, at current prices, the employment costs for these employees total £5.4million. Currently 40% of this staff group are aged over 45, by 2025/26 this would rise to 57% of existing employees still in post. 93% of this staff group are male.



11 control personnel (6%) are estimated to retire over the 10-year period. On a weighted average basis, at current prices, the employment costs for these employees total £0.5million. Currently 51% of this staff group are aged over 45, by 2025/26 this would rise to 69% of existing employees still in post. 81% of this staff group are female.

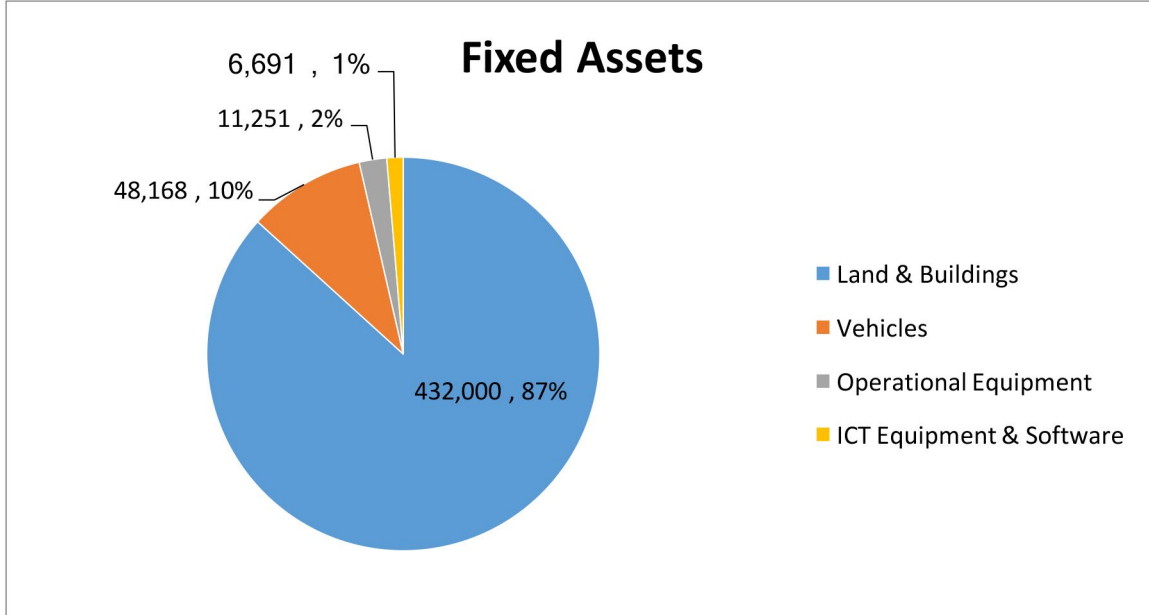


197 support staff (23%) are estimated to retire over the 10-year period. On a weighted average basis, at current prices, the employment costs for these employees total £6.0million. Currently 59% of this staff group are aged over 45, by 2025/26 this would rise to 77% of existing employees still in post. 56% of this staff group are female.

5. OUR ASSETS AND LIABILITIES

Assets

At 31 March 2017 SFRS held fixed (non-current) operational assets with a balance sheet value of £498million, comprising land & buildings, vehicles, operational and ICT equipment/software.



We operate 356 fire stations, a vehicle fleet of 1631, over 1 million items of operational equipment and around 25,000 items of ICT kit, from strategic infrastructure to hand-held devices.



to garage the vehicle; contained areas for kit storage, kit drying, breathing apparatus maintenance; suitable facilities for record keeping/ICT; toilet facilities, disabled access where appropriate etc.

In 2016/17, through our assets we produced carbon emissions of 20,864 tCO₂e, 15,513 tCO₂e from our buildings and 5,351 tCO₂e from our vehicles.

Asset lives vary from 3 years for some ICT equipment, where technology is rapidly changing, to buildings which can last for well over half a century. Throughout the asset lifecycle there is generally a requirement for on-going maintenance, and in some cases major refurbishment.

Looking beyond the inherited asset base, a key component of the capital investment programme, since the inception of SFRS, has been the implementation of the Property Estate – Strategic Intent report, which was approved in 2013/14 and was estimated to take 5 years to fully complete. The aim of Strategic Intent is to rationalise and invest in the property portfolio to create a fit for purpose support infrastructure for the national service; including national training facilities, control rooms, asset resource centres, ICT datacentre and office accommodation.

Over the 4 years since the inception of SFRS, the Service has invested c.£94million in its asset base eg an average of over £23million per annum, however there remains an inherited backlog investment in existing assets of c.£160million to bring all assets up to minimum “satisfactory” condition, and within the property portfolio it is estimated that a further £229million would require to be spent to ensure all buildings are fully fit for purpose eg appropriate area

The operational equipment used by the fire service has changed markedly over the past century from horse drawn engines to those powered by steam to the highly sophisticated computer-controlled appliances of today.

As technology improves and the requirements being placed on the Service change, it is incumbent upon us to constantly review our vehicles and equipment to ensure they are the most appropriate for the task. We have reflected this imperative in our strategies and our financial planning.

Liabilities

At 31 March 2017 the SFRS Statement of Financial Position (Balance Sheet) showed non-current (long term) liabilities of £3.846billion.

Of this, £3.789billion related to pensions and associated liabilities. These liabilities will fall due in future years and will be financed by a separate grant from the Scottish Government.

The remaining £57million relates to inherited fixed interest loan debt from the legacy services, where capital funding was provided through the Local Government Settlement, within which borrowing consent was an element. Principal repayment does not require DEL budget funding from Government and interest payments for the remaining period of each of the loans can be accurately forecast. In the absence of debt rescheduling, the last interest payment will be made in October 2056.

Current (short term) assets and liabilities represent the working capital of the organisation.

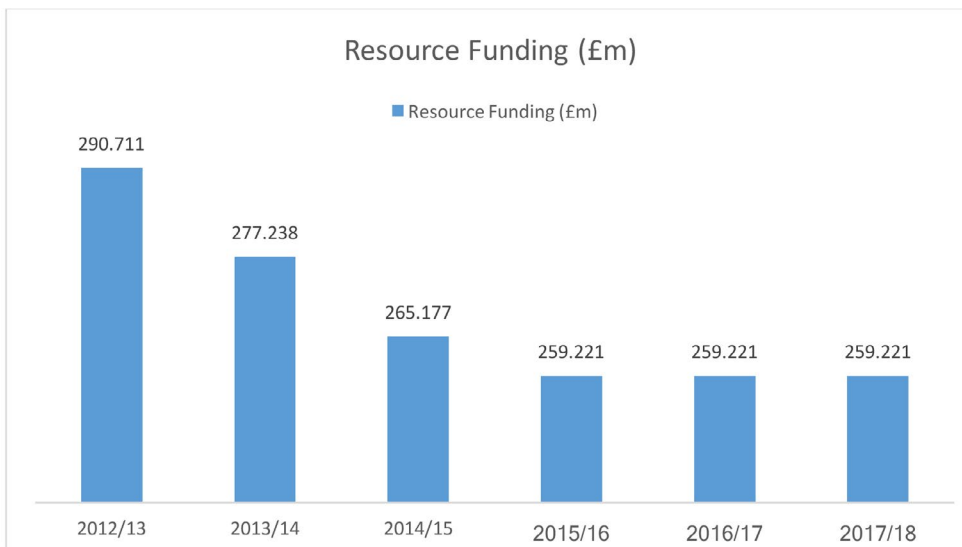
Reserves

The Scottish Fire & Rescue Service is unable to hold useable reserves and as such must contain its expenditure within any particular financial year to the budget allocation provided, supplemented by any available additional in-year funding eg capital receipts.

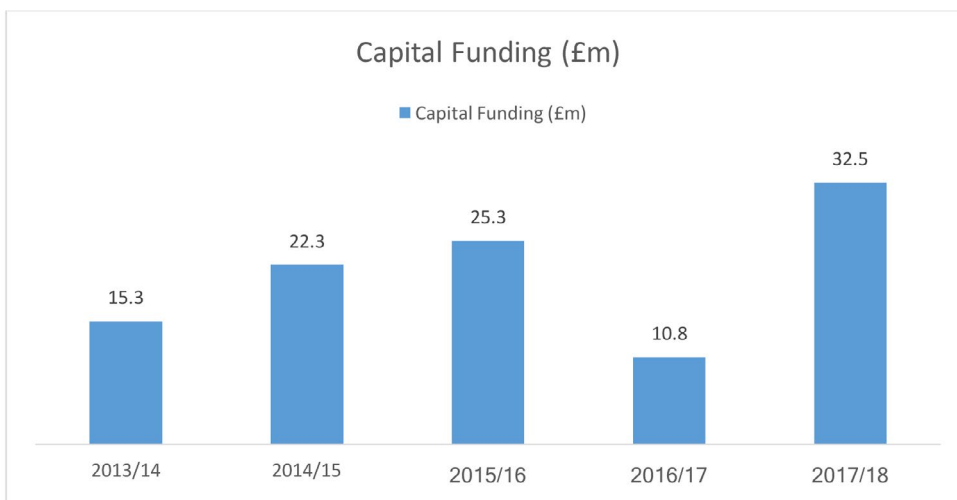
6. OUR FUNDING

As an Other Significant National Body the Scottish Fire & Rescue Service is funded directly by the Scottish Government through Grant in Aid for both Resource and Capital expenditure.

Since the establishment of the SFRS, annual resource funding has reduced in cash terms up to 2015/16 by approximately £31.5million (c.11%). There has been no change in the cash value of the SFRS budget since 2015/16, which can be described as "flat cash". Over the period to 2017/18 this amounts to a reduction of 18% in real terms, when inflation is taken into account.



Capital funding has been variable over the same period, with an increase in the current financial year following a sharp reduction in 2016/17 by £14.5million (57%) from the previous year.



During the year prior to the establishment of SFRS and for the 2 following years an additional £14.1million in total was provided through transitional funding grant to support the reform of the Service, most significantly in relation to Voluntary Service/Early Retirement and ICT integration.

SFRS generates less than £1million per annum in miscellaneous income. Work has been undertaken, both within the legacy services and since the inception of SFRS to review whether any additional income could be generated. The current view is that to do so would risk diverting resources and attention from core service delivery eg training, or would simply result in transferring funds between public bodies, with no added public value.

The Strategic Intent property rationalisation programme is anticipated to realise over £17million of capital receipts, for which permission has been granted by the Scottish Government to retain and reinvest these receipts. The timing of these receipts is critical to ensure they can be effectively reinvested as no reserves can be carried over from one financial year to the next.

7. THE ENVIRONMENT IN WHICH WE OPERATE

Our operating environment has evolved considerably over the last ten years, politically, socio-economically and in terms of risk.

Since the global financial crisis of 2008 and the subsequent recession, UK public services have faced increasingly difficult choices about their spending priorities as the Government has sought year on year to find ways to reduce, and ultimately eliminate, the deficit.

Against this backdrop the Scottish Government has looked to its public sector organisations to find new and innovative ways to increase their value, including opportunities where collaborative working can provide the most effective response.

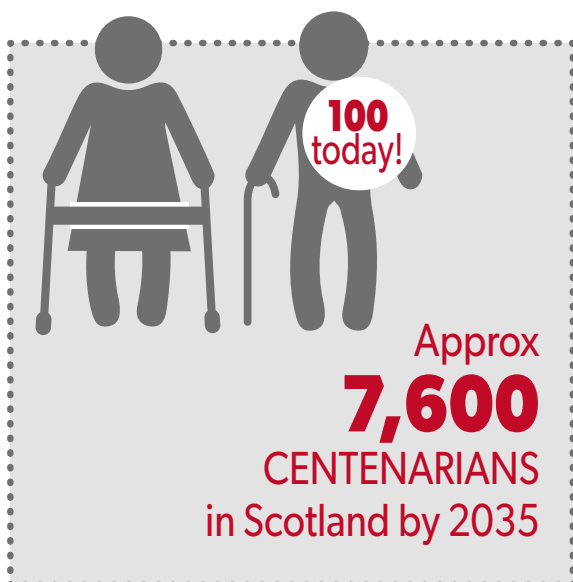
In May 2016, the Scottish Parliamentary elections resulted in the return of a minority SNP Government, which has a confidence and supply arrangement with the Green Party for the purpose of voting. Following the EU referendum in June 2016, the UK Government is in the process of implementing its mandate to leave the European Union.

The issue of Scotland's place within the UK, and its relationship with the EU, adds further complexity to the political environment North of the border.

The context in which the SFRS operates and the risks Scotland now face have, and will continue, to change.

- The threat of international terrorism has increased significantly in recent years and Scotland is not immune. A Police Scotland survey has confirmed that the thing people in Scotland fear most is terrorism.
- Over the next 20 years there will be a significant rise in the proportion of over 65's in Scotland. A report published in October 2015 by the National Records of Scotland highlighted it is the most | elderly age-groups of the population that are projected to increase most dramatically. The estimated number of centenarians in Scotland is likely to be 7,600 by 2035. This will generate new demands within our communities as we seek to support the population to age well.
- Climate change has brought extreme weather events at different times of the year, and increasingly flooding and water related emergencies are occurring.
- The speed of the digital world, the internet and social media are now a way of life and children growing up today can't imagine the world any other way.

OUR ELDERLY POPULATION

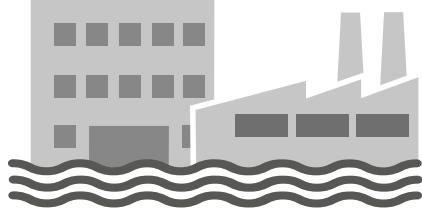


While some of these developments could have been foreseen 10 years ago, others could not. As we look forward to the next 10 years, we are very aware how quickly our operating environment can change, and how one-off events can stretch the capabilities of the Service without notice.

This all makes planning for the long-term future particularly challenging.

INCREASE

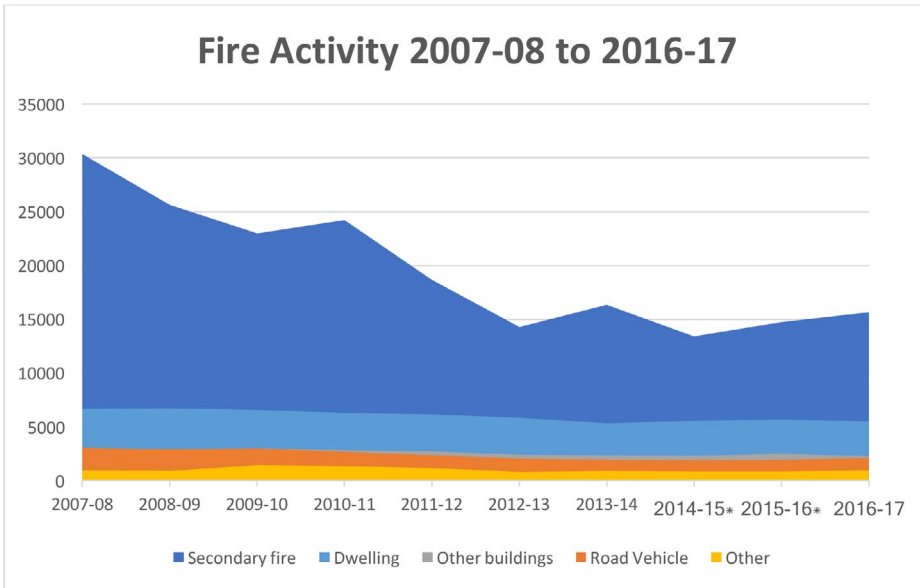
**in flooding and
water related
emergencies**



8. DEMAND FOR OUR SERVICES

Response

Over the past 10 years the fire and rescue service throughout the UK has made significant progress in delivering the best possible protection for people and property. Across Scotland in 2016/17 the Scottish Fire & Rescue Service attended 40% fewer fires than the legacy services did 10 years earlier, as illustrated in the chart below;

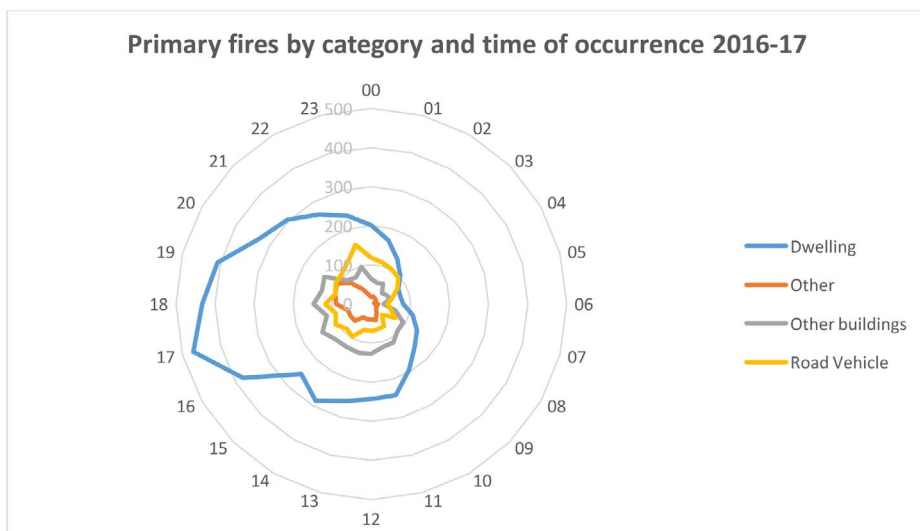


*Amended

The long term trend in fire fatalities, since 1994/95, is significantly downward, with the total for 2016/17 (44) well under half of the highest recorded total of 111 in 1999/2000. These trends represent a very positive outcome from the preventative work of both the fire and rescue service and partner organisations, as well as policy and regulatory improvements.

The Association of British Insurers (ABI) has however identified that while the number of fires is decreasing, the average cost of fire is increasing, with growing numbers of multi-million pound claims for fire losses

The timing of fire-related activity over the 24-hour period in 2016/17 shows that current demand for our fire-fighting response is greater during the day-time and evening than during the night, as can be seen in the following chart;



The Fire & Rescue Service is also called upon to respond to a wide range of other emergencies, ranging from everyday accidents and problems, through to extraordinary crises; for example releasing people trapped in lifts, clearing spills of hazardous materials, enabling other agencies to access properties where there is a sick or injured person, rescuing people from water or road traffic collisions, or dealing with major incidents.

Large scale protracted incidents, both fires and other emergencies, place significant demands on the capacity of the Service. The Glasgow Clutha Bar helicopter crash in November 2013, the multiple fatalities in George Square, Glasgow, in December 2014, the large scale and prolonged flooding of Storms Desmond and Frank in Scotland in December 2015/ January 2016, are just a few instances of when SFRS resilience and resources have been tested to capacity.

Incidents of Terrorism across the globe continue to dominate the headlines, and Scotland is not immune from that threat. We have experienced the threat level being raised on two occasions over recent months, from severe to critical, and there is potential for this to rise again in response to emerging threats to the UK. Should the type of incident that took place in Nice, for example, occur in Scotland, our firefighters will be among the first on the scene at the front and centre of any ongoing terrorist attack. One of the impacts of this is that Scotland's firefighters are putting their lives at risk, and could be among the dead and injured without the correct equipment and training to protect themselves.

One of the key benefits of being a national service is that since 2013 communities across Scotland have had access to the full resources of the SFRS as and when they are required, without the delay of negotiating across organisational boundaries. This was effectively demonstrated in the prolonged period of heavy rain and flooding across much of Scotland during December 2015/January 2016, where a significant proportion of the combined resources of the SFRS were deployed across the country, continuously, for a number of days.



So whilst traditional fire related activity levels have reduced over recent years, the country is experiencing an increasing threat from terrorism and significant and widespread disruption caused by severe weather patterns throughout the year. The Fire and Rescue Service in Scotland has a leading role to play in response to these situations and the prevention of further harm.

In addition to our traditional role however, since the formation of the Scottish Fire & Rescue Service, we have been involved, through collaborating with partner organisations, both locally and nationally, in a number of trial projects which demonstrate growing demand for new services from firefighters, which make a positive contribution to the lives of the people of Scotland, while maintaining the emergency response capability and capacity which is clearly required for both major incidents and routine emergencies.

SFRS, working with public and third sector partners, previously made a commitment to support the Scottish Government's Out of Hospital Cardiac Arrest (OHCA)



Each year **3,500** people in Scotland undergo attempted resuscitation

Strategy which aims to improve outcomes from out of hospital cardiac arrests

and become an international leader in the management of OHCA by 2020. This is a significant healthcare challenge in Scotland with 3,500 people annually undergoing attempted resuscitation but only 1 in 20 surviving. Early defibrillation is key to survival with every minute of delay estimated to reduce the likelihood of success by 10%. With its network of local stations across the country, and firefighters whose core competence is emergency response, SFRS is well placed to assist.

The trials began in October 2015, fully supported by the Fire Brigades Union, initially involving 9 fire stations around Scotland. These worked on a co-responder/ first responder basis with the Scottish Ambulance Service to deliver early CPR/defibrillation to patients identified by the Ambulance Control Centre. The trials, which had extended to 18 stations, have been halted since July 2017 following action by the FBU during the NJC-led negotiations on pay.

Building Resilience

In meeting the threats posed by terrorism, climate change, our aging population and other emerging risks we must collaborate with our partners across all sectors, and with communities, to build resilience at strategic and local level.

As society becomes increasingly dependent upon sophisticated technology, its ability to operate without interruption becomes ever more critical to ensuring our economy can function effectively. The Fire & Rescue Service has a key role to play in ensuring this is achieved, for example the loss of a strategic power source or data centre through fire or flooding could have widespread consequences.

SFRS contributes to the nation's resilience planning for protecting the country's critical national infrastructure, training for emergencies involving sites including Grangemouth, St Fergus, Hunterston, and Dounreay.

SFRS is a key partner within Scotland's Building Safer Communities Programme which has the vision of creating a flourishing, optimistic Scotland in which resilient individuals, families and communities live safe from crime, disorder, danger and harm. The Programme's initial focus is on reducing crime and unintentional harm.

SFRS is a strategic partner within the National Centre for Resilience based at the Crichton Campus in Dumfries, which brings together science, best practice and local knowledge to develop Scotland's national capabilities in preparing for and dealing with emergency situations relating to weather and other natural hazards.

Demand Reduction – Fire and Rescue Service

The Fire and Rescue Service has been at the forefront of the prevention agenda within public services, which has contributed significantly to the sharp reduction in the number and severity of fires over the past 10 years.



SFRS provides safety advice in over 70,000 homes across Scotland each year, with over 57,000 smoke alarms being installed in 2016/17. The Service also takes a wider safety message to schools, community groups and road users through our close collaboration with community planning partnerships and other organisations.

Work has been ongoing through our Unwanted Fire Alarm Signals Policy, in partnership with those who use, manage, install and maintain automatic fire alarm systems to drive down the number of such mobilisations, to reduce risk and cost, as well as freeing up resources for more productive activities. In 2016/17 50,838 false alarm incidents were attended, 56% of total incidents.

Demand Reduction – Other Agencies

It is well understood that SFRS has a duty to work in partnership with others to deliver tangible benefits for communities, avoiding duplicated effort and unnecessary cost, and that prevention is key to the future sustainability of public services.

Prior to reform, a wide range of projects were undertaken across Scotland however the formal role of Local Senior Officer within SFRS, aligned to local authority boundaries and embedded within the Community Planning arrangements, has enabled our approach to become much more structured, consistent and effective.

From our work with the Building Safer Communities Programme, we have identified that a significant number of deaths and serious injuries in Scotland occur as a result of unintentional harm, with the largest number of these as a result of falls.



This data, when taken alongside projections of significant growth over the next 20 years in the number of people aged both over 65 and over 85, it is reasonable to assume that the number of such events will increase, without appropriate intervention. The impact of unintentional harm is also greatest among deprived communities.

Work is ongoing with many local authorities, through our Local Senior Officers, to investigate options for SFRS personnel to work alongside local authority staff on preventative activities and resilience building.

Sharing our Facilities

In April 2014 the fire station at Tomintoul in Aberdeenshire became the first tri-emergency service station in Scotland, which enabled the location of a police officer within this community, avoiding a 26-mile journey to the nearest police station, and also provided a base for an emergency ambulance.

Work is currently ongoing with Police and Ambulance colleagues to further develop shared facilities. There are currently over 60 premises which are jointly occupied by two or more of the emergency service organisations. Facilities are also shared with other partner organisations both on a day to day basis and to enable community resilience in emergencies.

9. WHAT THE FUTURE COULD LOOK LIKE

To help us imagine what the future could look like, and to open our minds to the possibilities, we undertook a scenario planning exercise, building on an earlier corporate environmental analysis workshop held with our Board and Strategic Leadership Team. This thinking was then shared with our wider senior and middle management group and other key stakeholders. We considered examples of good practice by other organisations in the use of scenario planning, we reviewed our medium term financial and workforce plans, we analysed our asset base, we considered current public sector spending forecasts and inflationary pressures for key commodities, and we considered population and demand trends.

As a result of this process we developed four possible scenarios for the future, centred around what we have identified as the two most significant influencing factors:

- The financial climate we are operating in; and
- The contribution to public service which is required of SFRS.

As is typical in such an exercise, the scenarios have been named to make them memorable.

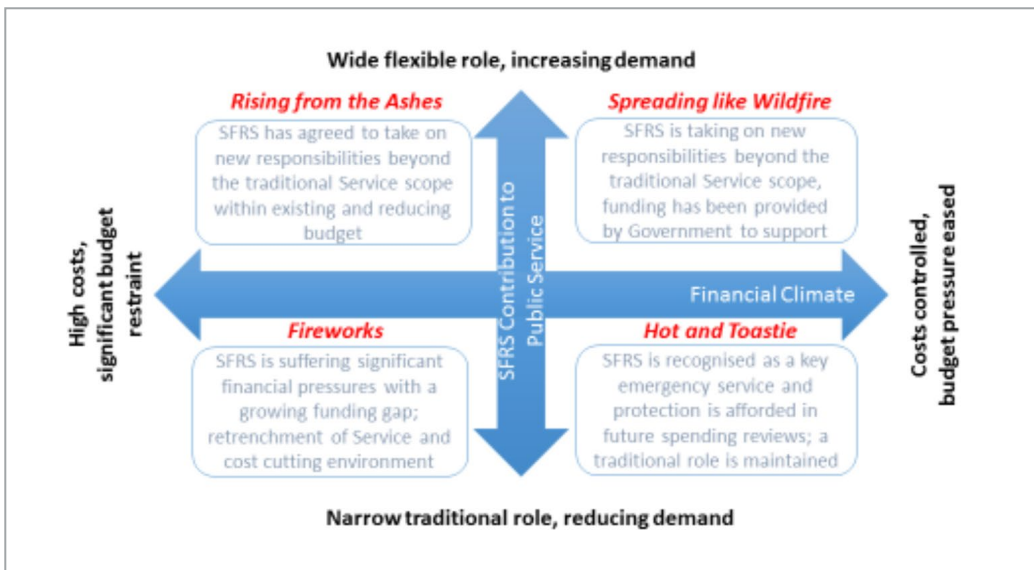
In **Spreading Like Wildfire** the Scottish Fire & Rescue Service takes on a wide range of new responsibilities beyond its traditional role and is supported to do so with appropriate funding, recognising the contribution being made to wider public service outcomes.

Rising from the Ashes provides a scenario in which SFRS has agreed to take on new responsibilities beyond its traditional role however faces the challenge of successfully delivering upon this remit within existing and reducing budgets.

In our **Fireworks** scenario the Service faces significant financial pressure and a growing funding gap which leads to a cost cutting environment and retrenchment within traditional areas of service delivery.

Finally, **Hot and Toastie** presents a picture in which SFRS maintains its traditional role, which is recognised as a key emergency service, and its funding is protected.

While it is unlikely that any one of these scenarios would occur exactly as we have described them, we believe that the elements of each are sufficiently probable to merit their use as planning tools. The analysis that follows build on these future possibilities.



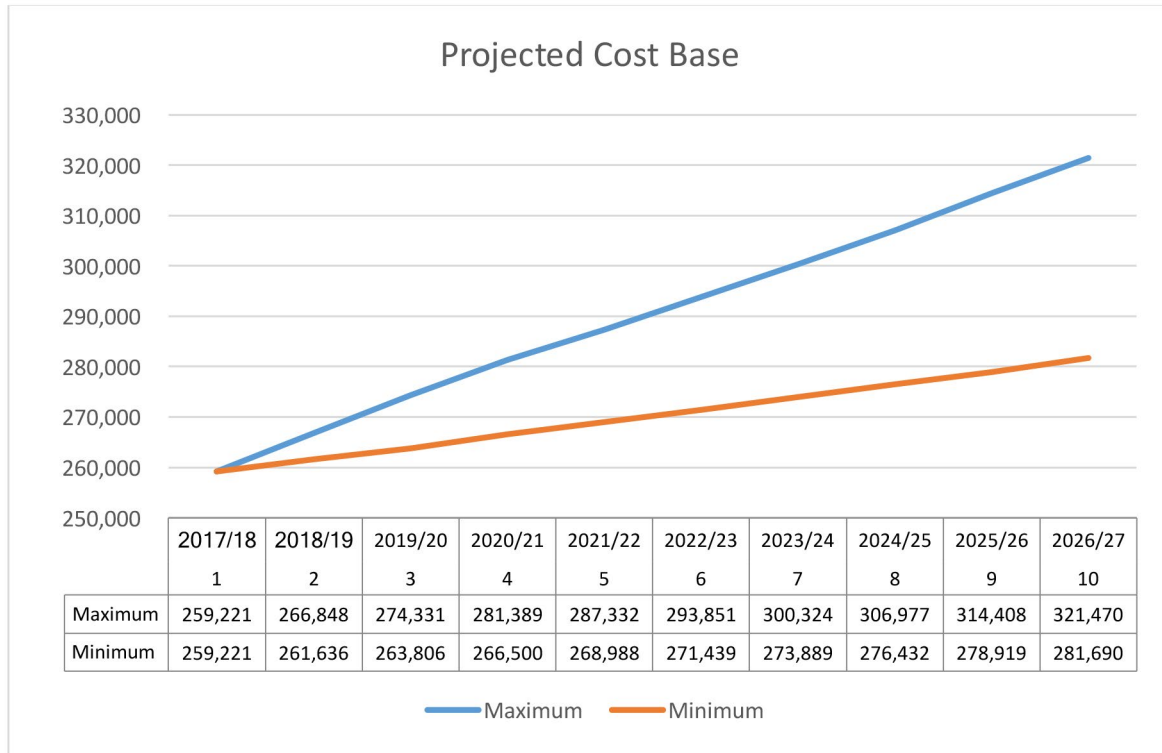
10. HOW OUR FINANCIAL POSITION COULD LOOK

We simply cannot ignore the financial realities of the current economic climate. All public sector organisations face unprecedented financial challenges with intense budgetary pressures.

Whilst the Service will continue to press and argue our case with Government for new funds, there is no guarantee that we will secure any level of additional funding. Our Chair himself has noted publicly that without additional funding we cannot sustain our current delivery model beyond 2018. The FBU has described the fiscal background as the “worst in living memory.”

Within our scenarios we have anticipated a range of financial futures, taking account of the factors that may influence both costs and funding streams. The following charts show what we anticipate are the maximum and minimum realistic cost and funding profiles over the 10 - year period and the associated funding gap which would require to be bridged, based on our current operating model.

Resource Costs



The key variables within this range relate to inflation, both pay and non-pay, and policy changes that could lead to additional cost.

We have used the Bank of England’s (BoE) Inflation Report Probability Distribution August 2017, which sets out forecasts to 2020, to develop a broad estimate of Consumer Price Inflation (CPI) over the 10 year period. The BoE forecast shows CPI rising to 2.9% during 2017, falling to around 2.6% by 2018, and declining thereafter to 2.3% in 2019 and 2.2% by 2020. We have assumed that CPI will level out at 2.0% from 2021, in line with the target set by the BoE.

We have estimated that pay inflation may range from a maximum of CPI over the period to a minimum of the current UK Public Sector Pay Policy of 1%. The OBR is forecasting steady economic growth for the UK economy over the period to 2020-21 therefore we have discounted the possibility of pay inflation being lower than the current UK Public Sector Pay Policy.

In terms of non-pay inflation, we have assumed a maximum of CPI on all non-pay items of expenditure (except loan interest), and a minimum of 1%. Over the past 10-15 years our budget development has excluded provision for general inflation as in many cases ongoing efficiencies have ensured existing budgets are sufficient. While we are continuing to make efficiencies in these areas it is considered that there is now limited scope to absorb inflationary pressures within these budgets. As such it is deemed necessary to assume annual cost increases in line with inflation.

We have taken into account that Government policy changes may have an impact on our cost base over this period. Recent examples include changes to National Insurance, the Apprenticeship Levy, and Pensions Auto-Enrolment.

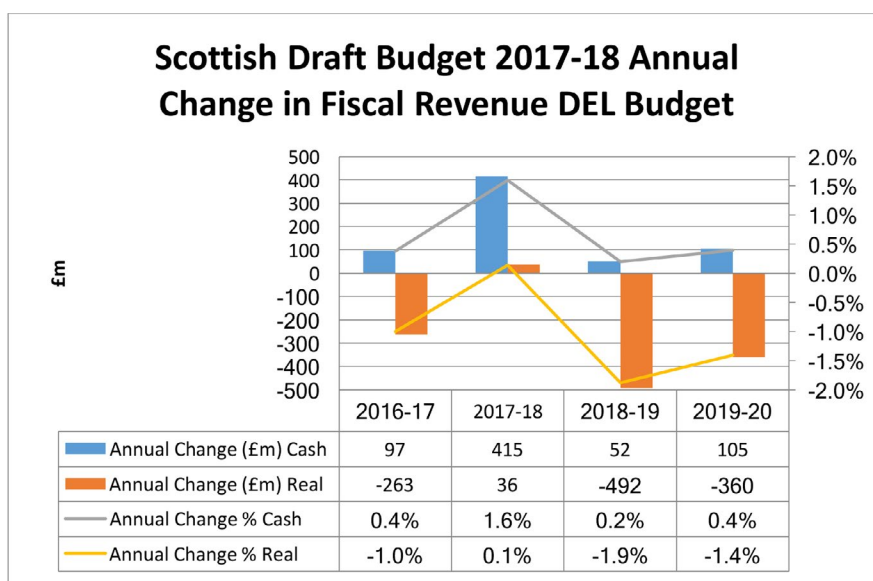
Other factors we have taken into account include staff turnover, employers pension contribution rates that we are required to pay, and the savings we have already planned through our Critical Savings Pathway.

The UK is currently in the process of negotiating its exit from the European Union, following a referendum result in favour of this course of action. It is not yet clear what the financial implications of this could be and as such no specific estimates have been factored in. SFRS has a number of contracts with European companies to supply goods, for example Breathing Apparatus for firefighter safety.

Resource Funding

The amount of future funding allocated to the Scottish Fire & Rescue Service will be dependant on the general strength of the economy, as well as policy decisions made by Governments at UK and Scottish level.

The Scottish Government, in publishing its Draft Budget 2017/18 in December 2016, outlined the following profile of change in Fiscal Revenue Departmental Expenditure Limits (DEL) up to 2019/20, allocated through the UK Government’s Spending Review and Autumn Statement 2015;



While the cash allocation to Scotland will increase each year, these figures show a reduction in overall funding when inflation is taken into account.

The Scottish Draft Budget 2017/18 outlined funding allocations to departments and public bodies for 2017/18 only. The Scottish Government has stated its aim of creating a Scotland that is fairer and more prosperous and has prioritised funding for health and care, supporting economic growth, improving infrastructure, prioritising educational attainment and protecting the low paid.

In addition to the Block Grant provided by the UK Government, the Scottish Parliament now has devolved power to fully determine the Scottish Rate of Income Tax.

Looking beyond this period, the Office of Budgetary Responsibility has indicated in the November 2017 Economic and Fiscal Outlook report that it expects the deficit in public finances to continue to decline, falling to 1.3 per cent of GDP by 2020/21. This means that the UK Government remains on track to meet its fiscal targets for the structural deficit and public sector net debt, however achievement of the stated fiscal objective to “return the public finances to balance at the earliest possible date in the next Parliament”, is less clear and appears challenging.

Taking these factors into account, we have adopted the following funding assumptions, linked to our scenarios, to develop a likely maximum and minimum position:

Spreading Like Wildfire

Existing budget plus CPI inflation in each of the next 10 years, plus a net addition of £6.4million added to core funding from 2018/19, followed by a further £4million spread across 2021/22 and 2022/23, reflecting our contribution to wider public sector outcomes.

Rising from the Ashes

Flat cash budget up to 2019/20, followed by below inflation (50% of CPI) increases in subsequent years.

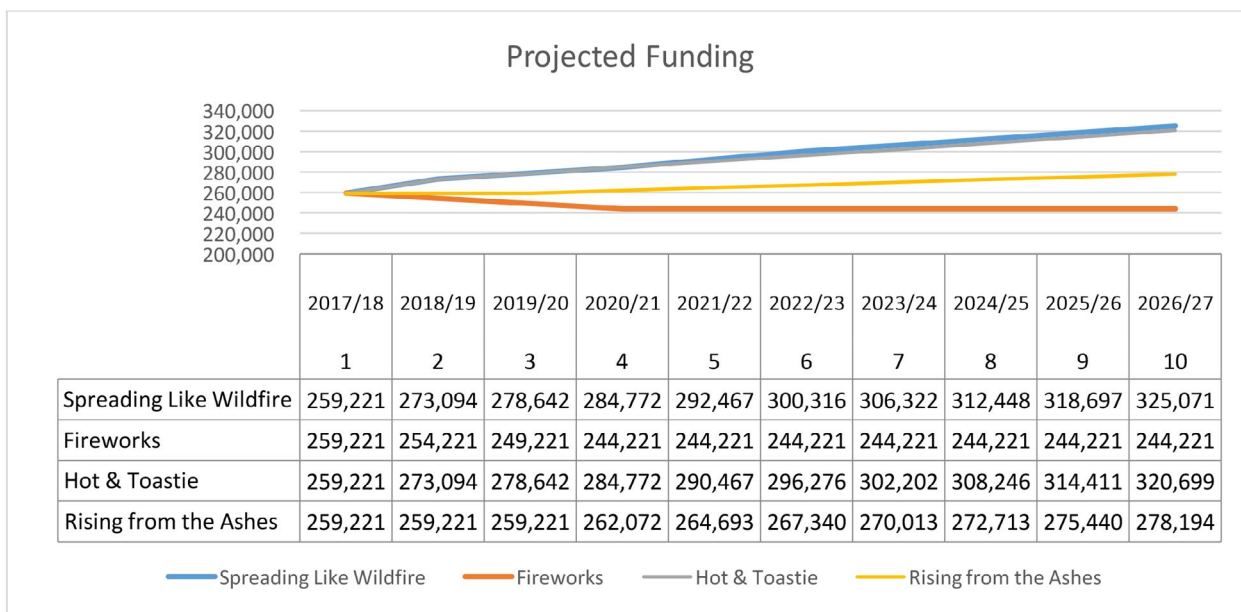
Fireworks

Existing budget further reduced by £5million in each of the next 3 financial years, followed by flat cash for the remainder of the period.

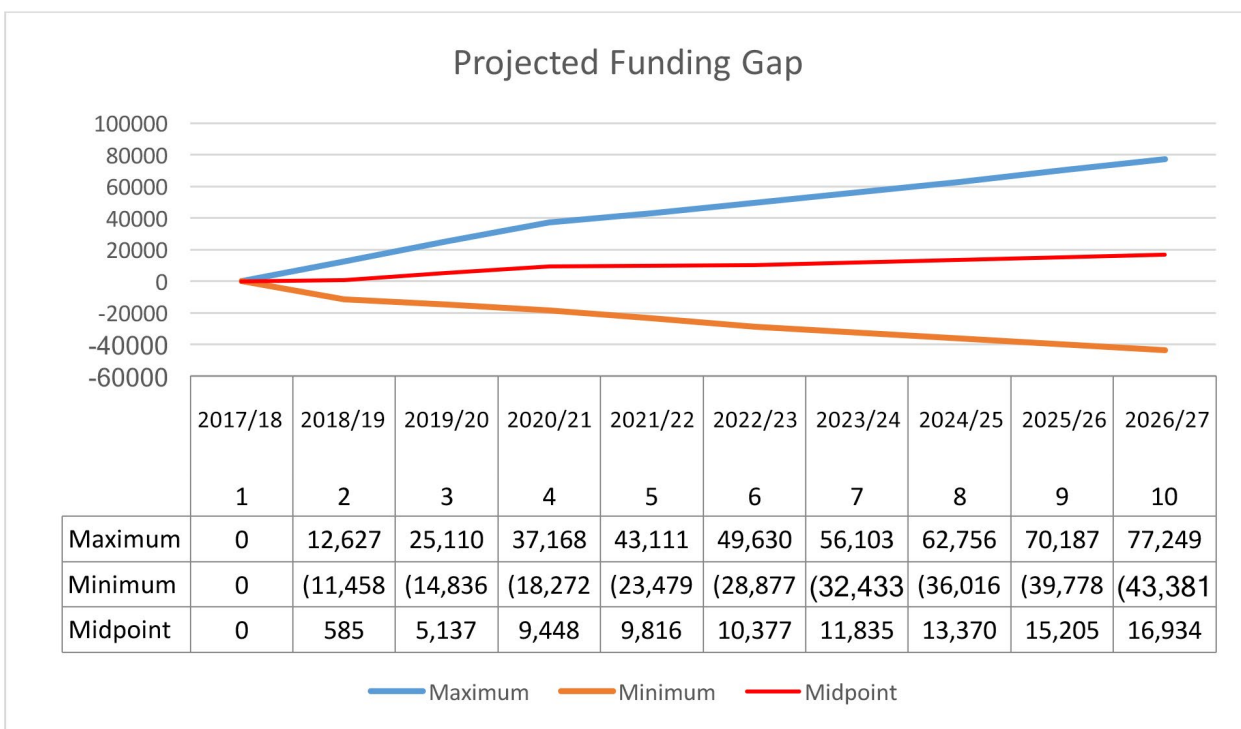
Hot & Toastie

Existing budget plus CPI inflation in each of the next 10 years, plus a net addition of £6.4million added to core funding from 2018/19.

Applying these scenarios gives the following picture of potential maximum and minimum future funding:



If both cost increases and funding reductions were at the upper end of the anticipated range (**pessimistic case**) SFRS would be facing a **funding gap of £77.2million by 2025/26** if no changes were made to the current operating model. Alternatively, at the other end of that spectrum (**optimistic case**), there could be an opportunity to **invest a further £43.4million** to develop the Service and enhance service delivery. The midpoint of these scenarios shows a funding gap of £16.9million over the period. These scenarios are modelled in the graph below:



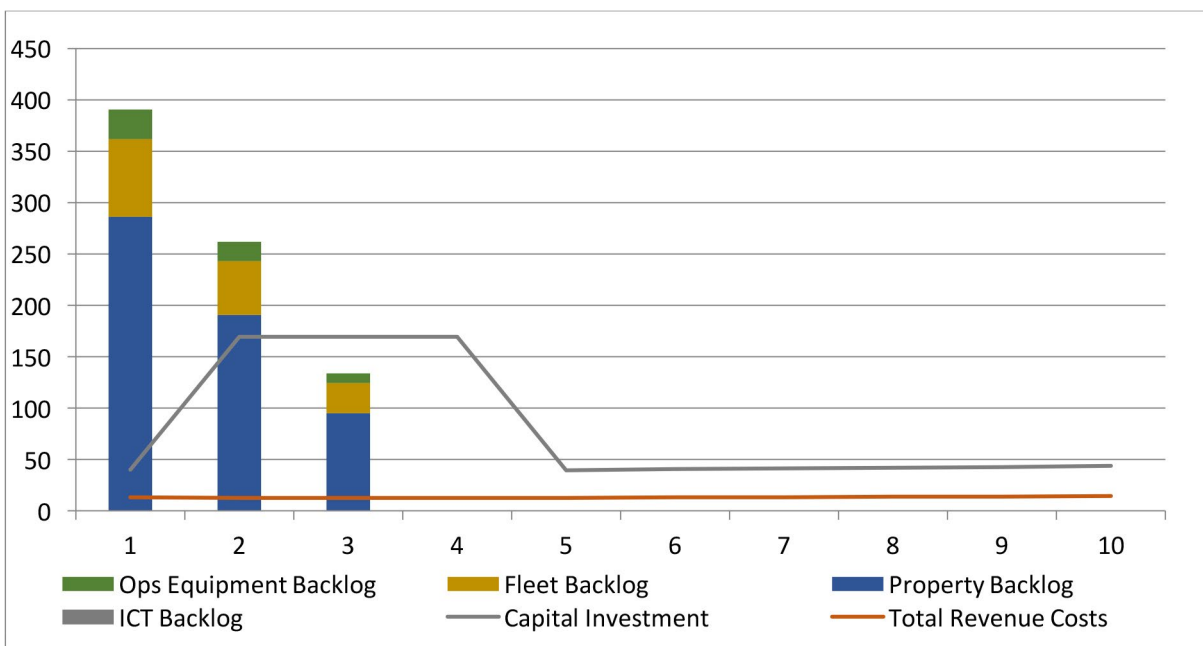
Capital Costs

The above analysis considers our day to day running costs. In order to continue to deliver an emergency service to the communities of Scotland, SFRS will also require to invest in its fixed assets over the next 10 years.

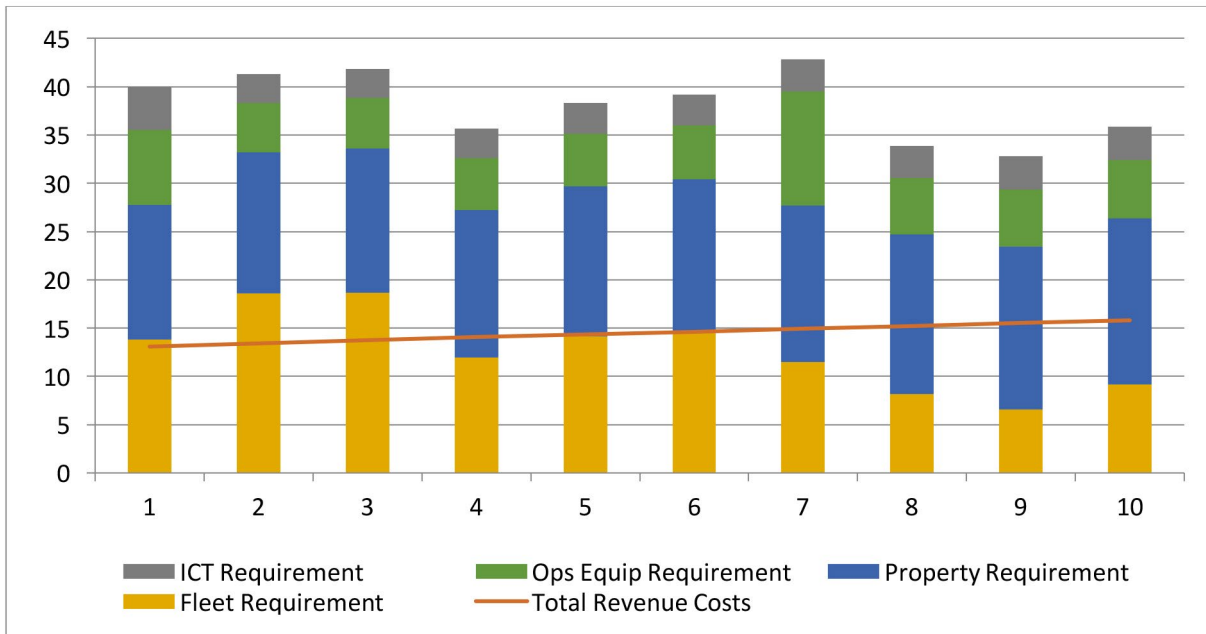
In arriving at our estimate of capital expenditure requirements over the next 10 years we have modelled 3 scenarios, based at this stage on our existing portfolio; firstly the cost to address the existing backlog investment and then maintain our assets at minimum “satisfactory” condition; secondly the cost to ensure our asset portfolio does not deteriorate any further during the next 10 years; and finally the estimated impact on our asset portfolio if capital expenditure remained at 2017/18 levels over the period.

The existing value of backlog investment in our asset portfolio, to both address condition and suitability shortfalls, is £389million, spread across all categories, with total running costs of £13.1million.

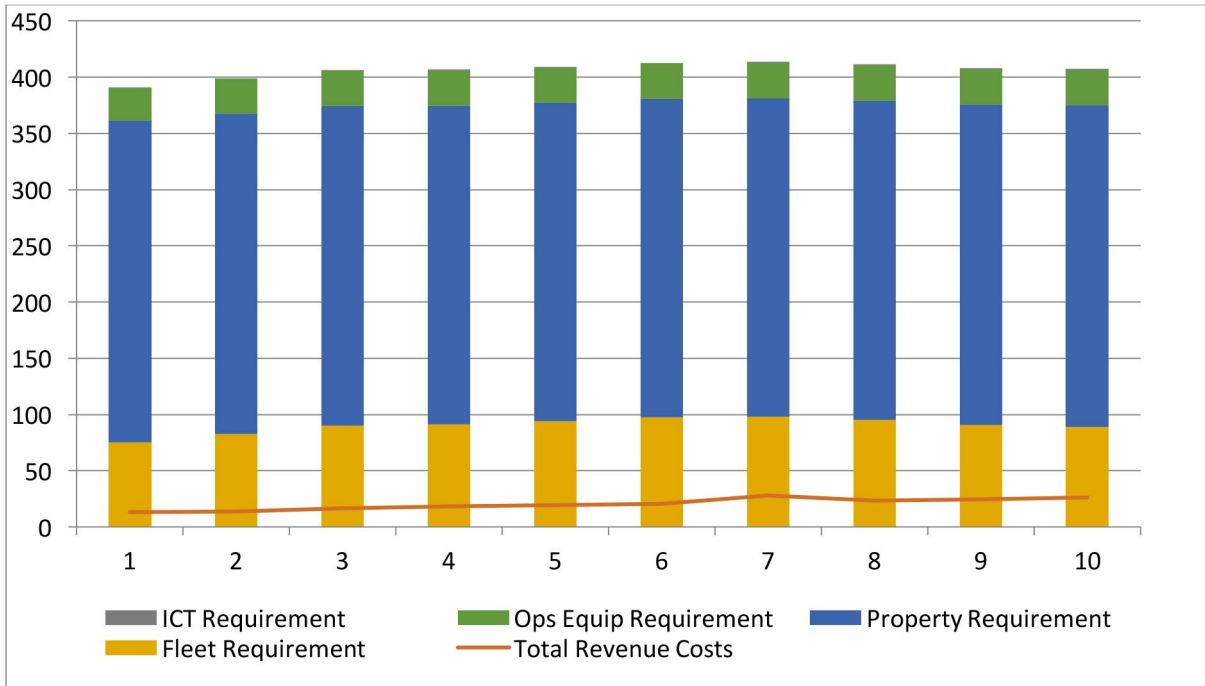
The first scenario, illustrated below, assumes a comprehensive investment programme can be co-ordinated over a 3-year period to address this backlog, to bring all assets up to a minimum “satisfactory” condition. This would require expenditure of £170million per annum for the next 3 years, followed by ongoing investment of £42million, on average, per annum over the remaining 7 years. While there would initially be a small net reduction in running costs, this is likely to be overtaken by inflation within 5 years.



Alternatively, the following graph illustrates the level of investment required to ensure there is no further deterioration in the condition of our assets, eg backlog investment does not increase. This would require a total investment of £378million over 10 years, an average of c.£37.8million per annum. As there is no change in the condition of the portfolio, running costs are expected to rise in line with inflation only.



In our third scenario, the graph below illustrates the impact on backlog investment of spending at the level of our 2017/18 Capital DEL (£32.5million) over the 10-year period. By the end of the 10 year period backlog investment would have reached £406million and running costs £23.7million. The risk of asset failure would increase significantly.

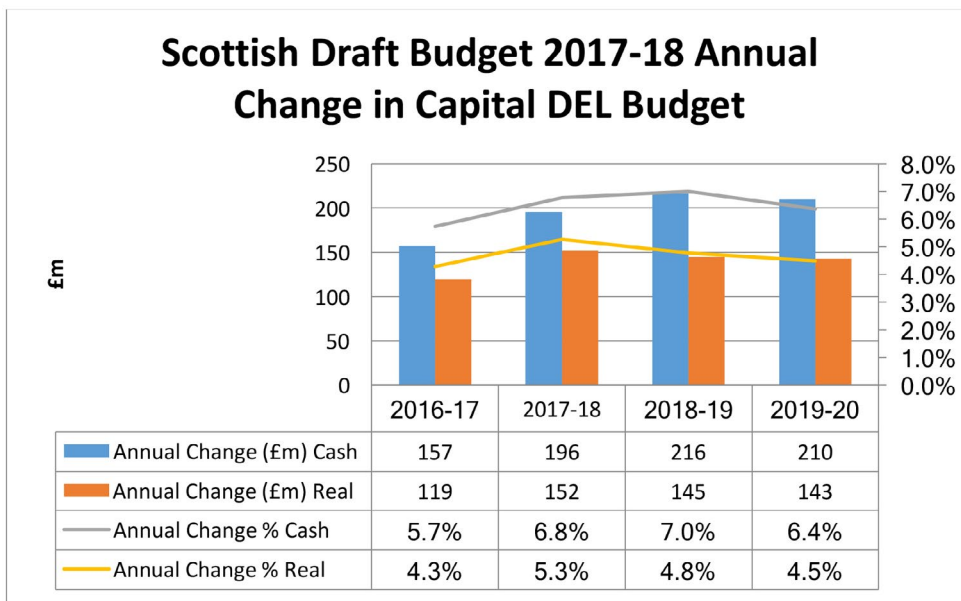


It is recognised that the level of capital investment will additionally impact on the wider economy with suppliers being affected, either positively or negatively, including local small and medium sized enterprises.

Capital Funding

Similarly to resource, the future level of capital funding available to SFRS is linked to both the general strength of the economy, as well as policy decisions made by Government at UK and Scottish level.

The Scottish Government’s Draft Budget 2017/18 outlined the following profile of change in Capital Departmental Expenditure Limits (DEL) up to 2019/20, allocated through the UK Government’s Spending Review and Autumn Statement 2015;



In relation to Capital, the funding allocation to Scotland will increase each year, both in real (taking inflation into account) and cash terms.

Looking beyond 2019/20, the UK Government and the Office for Budget Responsibility have signalled an improving position for UK public finances. In addition to the Block Grant provided by the UK Government, the Scottish Parliament has the power to borrow money to finance capital investment.

Using the 2017/18 capital DEL funding position (£32.5million) as a reference point, we have developed 4 potential capital funding positions, based on our scenarios;

Spreading Like Wildfire

Significant increase in capital funding, reflecting our contribution to wider public sector outcomes and the need to maintain an asset portfolio that supports service delivery.

Hot & Toastie

2017/18 funding level plus increase of £7million per annum in recognition of significant backlog

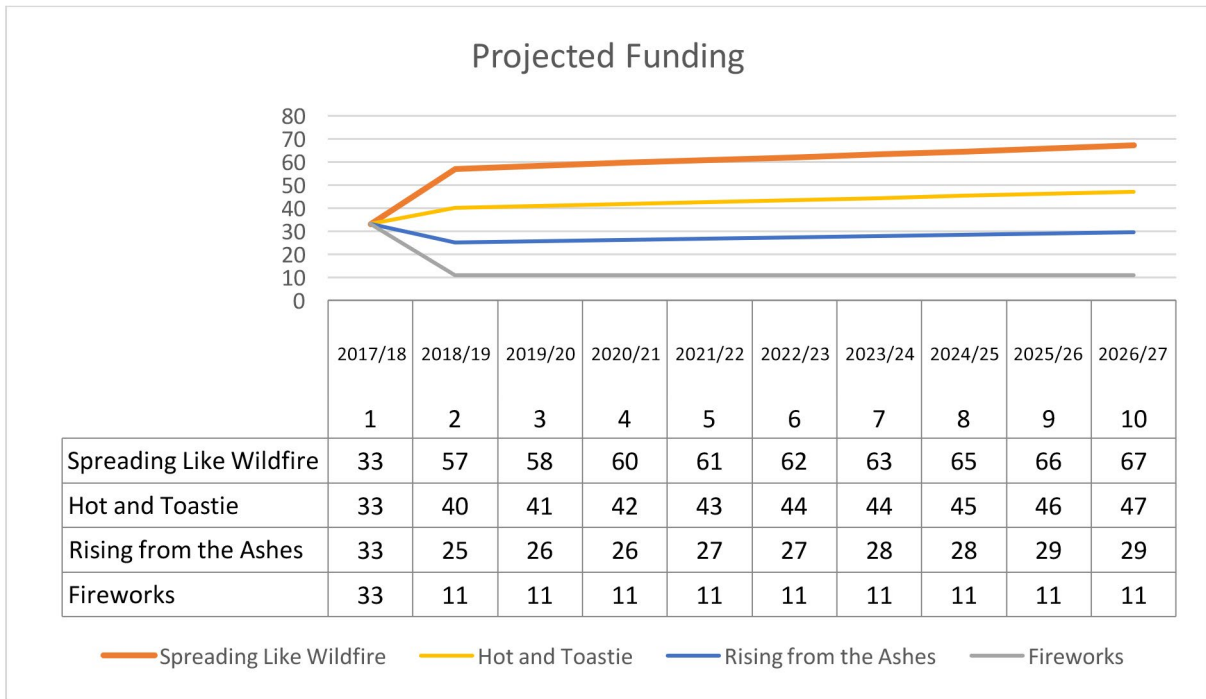
Rising from the Ashes

Reduction in capital funding to £25million per annum

Fireworks

Reduction in capital funding to £11million per annum

Applying these scenarios gives the following picture of potential maximum and minimum future funding, on an annualised basis, ranging from £11million to £57million (plus inflation):



In order to bring all existing assets up to minimum “satisfactory” condition and maintain them at that level over the next 10 years SFRS will require an annualised investment of £80million. On this basis it is considered unlikely that sufficient funds would be made available under any scenario to enable our existing asset base to be sustainable in the long term.

11. THE STRATEGY WE WILL ADOPT

From our financial, asset, workforce and demand analysis, and our scenario planning, we can see that we must take action. The Service recognises the huge fiscal pressures facing Government, and as such SFRS must develop a more flexible approach to service delivery to enable us to deliver on the objectives the Government has set for us and the principles of Christie.

Referring to our scenario planning output, we believe that our Spreading Like Wildfire scenario represents the best possible future for the Scottish Fire and Rescue Service, provides greatest public value for taxpayers investment and maximises our opportunity to secure long term financial sustainability. In this scenario SFRS takes on a wide range of new responsibilities beyond its traditional scope and is supported to do so with appropriate funding, recognising the contribution being made to wider public service outcomes.

As such, our long term financial strategy is to work towards this position by;

a) Demonstrating our public value, to extend the role of SFRS and secure funding

The SFRS Board has already chosen not to opt for a programme of cuts, but to opt for transformation which will allow us to enhance our Service and deliver so much more for the people of Scotland.

The Fire and Rescue Service (FRS) has a rich history and tradition of protecting communities and saving lives in very challenging circumstances. In the past 20 years the Service has also been at the forefront of the preventative agenda within public services and over this period there has been a marked downward trajectory of fire incidents and also of fire-related deaths and injuries. More recently the role of the firefighter has also extended into the wider rescue arena.

While the traditional risk from fire in the home may be reducing, the risk from large scale natural disaster, terrorism etc. is heightened, placing a demand on the FRS for specialist capability and the capacity to deploy over large areas and short timescales.

As such our aim is to ensure that our communities remain protected and secure from both traditional and emerging risks, through well trained and equipped

professional firefighters; while applying our capacity to contribute to the wider public service agenda, to build a fairer and stronger Scotland.

The Scottish Fire & Rescue Service has been a key player in public service reform in Scotland over the past 3 years and has demonstrated its capability to deliver change successfully. We recognise that the SFRS, as a significant national public body, has a leadership role to play within the public sector reform agenda. Our history demonstrates the adaptability of our people, who have a "can-do" attitude, and above all are committed to public service. These qualities have served us well and, we believe, equip us for the future.

Feedback from our local authority partners suggests that we are delivering well against the requirement to strengthen our connection with local communities. Our approach has been to work collaboratively with local partners across organisational boundaries. We believe collaboration will be central to effective service delivery in the future and we have demonstrated our ability to operate both nationally, delivering back office efficiencies and greater access to our specialist resources, and locally, to meet citizen needs.

We recognise the strategic importance of our asset base which gives us a presence in almost every community across Scotland, making us well placed to contribute to the community planning agenda at local level. We believe that further opportunities exist to share these facilities with partner organisations, strengthening our relationships and collaborative capacity, and enabling savings across the public sector.

A public satisfaction survey carried out in summer 2017 indicated a high level of trust amongst the public for the Service. Our unique footprint and the level of access we have to homes gives us the ideal opportunity to engage with the public and deliver services, particularly in supporting vulnerable individuals, within our communities.

We are making good progress in working with partner agencies, both in supporting them to respond to service demands, and also in collectively reducing demand for public services, while building resilience within communities, which can in turn become more

self-sufficient. We believe there is significant scope to expand this work, bringing benefits to communities across Scotland and savings to the public purse.

Sir Graham Meldrum, Chair of West Midlands Ambulance Service (a former firefighter of 42 years' service and the previous HMI for England) is quoted as saying that the fire service is well placed to help take demand out of the ambulance service. He has spoken publicly about how firefighters and health professionals can use their collective resources and capabilities to enhance the lives of older people and others who are vulnerable in the community, taking a role in tackling issues such as mental health, dementia, domestic abuse, social isolation housing and poverty.

Following on from work undertaken by Hertfordshire University, the National Joint Council for Local Authority Fire and Rescue Services (NJCS) commissioned New Economy to develop a detailed cost benefit analysis of emergency medical response (EMR) activities by fire and rescue services. The report concluded that EMR, at scale, generates a positive financial return on investment and achieves economic outcomes.

The Chief Officer describes the SFRS as needing to find a way to be relevant every day, while still being able to respond to large scale events and incidents. This means enabling our highly skilled and willing workforce to undertake new and different roles within communities, while still maintaining the training and preparedness for the rare events which occur, such as on the scale of Grenfell Tower, as well as our traditional day to day role.

b) Controlling our costs through;

i. Continuing to maintain sound financial management

In each of the 4 completed financial years since its establishment, SFRS has operated within its allocated budget, securing an unqualified audit opinion on each set of accounts.

Both internal and external audit have recognised the strength of our financial management arrangements, from stable and effective systems and processes to robust monthly monitoring and reporting cycles.

We believe these credentials will serve us well as we seek to manage a transformation of our cost base.

ii. Considering options for financial savings

Over the first 4 years of the Scottish Fire & Rescue Service it has been necessary to reduce the cost base of the organisation by £53.7million (18.5%) to accommodate the funding reduction of £31.5million and to absorb unavoidable cost pressures of £22.2million, predominantly in relation to the requirement to fund VAT and government policy changes, as well as contractual and cost of living pay increases for all staff.

In seeking to find savings, SFRS has adopted Audit Scotland's guidance to merging public bodies which indicates 4 main areas of savings being Staff Reductions, Asset & Contract Rationalisation, Streamlined Processes and Shared Support Services.

While 80% of the budget is spent on staff costs, 58% of the savings to date have been found in this area of expenditure, through creating a single Strategic Leadership Team, Incident Command System and rationalising the Support Staff structure; as well as implementing a Resource Based Crewing model across Scotland to appropriately target our front-line resources.

The balance of savings has come from asset & contract rationalisation, streamlining processes, and consolidating our support services and systems; as well as loan charge reductions and the use of zero-based budgeting, where possible, to target resources. While we agree this work is not yet fully complete, we do not envisage further material savings, beyond those currently planned, to come from these areas.

We have worked with partner organisations to investigate opportunities to collaborate to enhance public value, a significant example being our joint procurement with Police Scotland to deliver hard facilities management for both organisations, with an expected contract value of around £70million.

The Financial Memorandum to the Police and Fire Reform (Scotland) Act 2012 set a target for the Scottish Fire & Rescue Service to achieve savings of £328million by 2027/28. Audit Scotland noted in its report in May 2015 that the Service is on track to exceed this figure.

During 2014/15 we developed a Critical Savings Pathway in which we identified the anticipated financial impact of the various initiatives we have underway to deliver gross recurring savings from reform of £51.2million up to 2019/20, which will result in cumulative gross savings of £621million by 2027/28.

With 80% of our annual resource expenditure incurred through employee costs, any further material savings would require to come from reducing our workforce.

Significant work has been undertaken to date to release cost from managerial and support structures (£13.1million by 2020). Conversely there has been pressure to equip the Service as a high profile national public body with a professional infrastructure at a level beyond what was required in the former services. While it will be necessary to continue to review these structures as the Service evolves, it is clear at this stage that for the Service to progress and mature as an organisation these functions must be adequately resourced with the capacity and capability to deliver change in an increasingly challenging environment.

As such, it has been recognised by the HM Fire Service Inspectorate that any further savings from the SFRS cost based would require to be found from our service delivery model.

iii. Enhancing productivity

It is recognised that to broaden the role of the Service, in addition to public and government support, crucially, requires the support of our workforce. Our goal is to achieve a flexible workforce to enable us to deploy crews where and when they are most required, to respond to the varying needs of our communities. In order to achieve this we believe it will be necessary to negotiate appropriate enhancements to core pay, to reward employees for their skills, knowledge and experience, as well as their contribution and commitment to service transformation, in exchange for agreements which deliver more flexible working arrangements.

It is also recognised that our current service delivery operating model could be more efficient. Our resources are not fully aligned to our incident profile; our crews are often available at the wrong time of day to

conduct preventative work; our Retained Duty System model is outdated and must be improved; there are new technologies available which we could exploit.

Our aim is to generate sufficient efficiencies from our operating model to reinvest in developing a modern flexible workforce, while seeking to protect our budget from future inflation.

iv. Responding to the opportunities presented by staff turnover/retirement

All employees have a commitment of “no compulsory redundancies” and there is no current scope for voluntary severance arrangements to be offered to uniformed personnel. As such any changes to our workforce must be managed through natural turnover. We have identified that 38% of our wholetime uniformed workforce are likely to retire over the next 10 years.

In improving the efficiency of our operating model we will adopt robust workforce planning arrangements ensuring that changing requirements are carefully aligned with both recruitment and anticipated retirements to enable a steady transition.

v. Modernising our asset base

Taking account of the significant inherited backlog investment in our asset base, and the level of ongoing funding required to rectify this and maintain assets to a minimum “satisfactory” condition; as well as technological advances and our environmental obligations; we will explore opportunities to target our asset investment in areas where we can improve operational efficiency while meeting the specific needs of local communities.

Through our Digital Strategy, we will seek to exploit the opportunities presented by digital technology, in a secure environment, to enhance our service delivery, in collaboration with partners, and support our people.

Having access to a secure interoperable communications network is key to ensuring the emergency services remain resilient. SFRS is committed to working with our emergency service partners throughout the UK to ensure the next generation of Emergency Service Network is successfully implemented.

vi. Collaborating with partner organisations to maximise the return on public investment

We will continue to work with our emergency service colleagues in the Scottish Ambulance Service and Police Scotland, as well as other partners, to explore opportunities for joint working, including the sharing of premises and other assets.

Through the agreement of a standard cost sharing model and Terms of Occupation of premises it is hoped that all participants can respond rapidly and effectively to emerging opportunities.

c) Managing change effectively through

i. Robust programme management

We will establish a Service Redesign Programme, led by our Chief Officer and Strategic Leadership Team, overseen by a committee of the Board. The Programme will be supported by a Programme Office, operating under formal project management principles.

We have developed an initial programme timeline which will continue to be refined as plans are progressed.

ii. Comprehensive consultation and engagement

Like the first phase of fire reform, this next transformational phase will require the support of government, communities and our staff. We have already started to have an open and honest conversation about our vision for transformation with our staff and key stakeholders and this has received a generally positive response.

We are developing plans for a public consultation to be held in the early part of 2018. We will produce a consultation document and aim to keep the approach to its content as straightforward and reader-accessible as possible. We will continue to engage directly with stakeholders to ensure awareness of the formal consultation and to encourage meaningful participation. This will be an open and transparent process, supported by a comprehensive integrated internal and external communications plan. We will publish the results from the consultation.

iii. Seeking continuous improvement

While we are clear today about the immediate changes we need to make, we will not be complacent and will seek to be a learning organisation, ensuring that opportunities for further development are recognised corporately and acted upon.

12. RISK REGISTER

The SFRS draft Corporate Risk Register identifies 8 strategic risks. The undernoted table analyses the impact of this strategy against each of these;

Risk	Impact	Mitigating Action if required
Failure to minimise communities exposure to risk and harm	There is a risk that measures introduced to manage the financial position have an adverse impact on community risk.	Robust data analysis coupled with wide ranging consultation and engagement will be undertaken to ensure that public safety can be demonstrated and recognised.
Failure to ensure the Health, Safety and Wellbeing of firefighters and other employees	There is a risk that insufficient capital funding leads to fleet and equipment being unsafe due to its age and condition.	All fleet and equipment is maintained in line with statutory and best practice standards. Any items which cannot be certified as safe are withdrawn from service.
	There is a risk that insufficient funding leads to changes being introduced without adequate training or welfare provision.	Training and welfare implications will be assessed for each proposed change to equipment or operating procedures. Steps will be taken to address training needs and put in place appropriate welfare arrangements ahead of implementing changes.
Failure to deliver Service Transformation	There is a risk that project timelines slip resulting in savings not being realised early enough to balance the budget.	Project timelines have been developed in conjunction with all relevant teams to ensure they are realistic. Robust programme management will be applied to ensure programme delivery.
Failure to ensure Financial Sustainability	There is a risk that funding expectations are not realised, either for resource or capital budgets.	Detailed financial modelling will ensure that any shortfall is quickly understood once funding is announced, enabling appropriate plans to be established to manage the resulting position as effectively as possible.

Risk	Impact	Mitigating Action if required
Failure to ensure Financial Sustainability (cont.)	There is a risk that funding expectations are not realised, either for resource or capital budgets.	Robust programme management will ensure that transformation projects can be rapidly refocused to address an alternative funding position.
	There is risk that costs increase unexpectedly due to external uncontrollable factors eg inflation, government policy changes.	While it is not possible to hold reserves against such possibilities, regular monitoring of the financial environment will ensure the earliest possible warning to enable plans to be developed.
Failure to ensure Legal Compliance is maintained	There is a risk of legal challenge to service redesign proposals which would slow down the delivery of savings.	Robust data analysis coupled with wide ranging consultation and engagement will be undertaken to build consensus.
Failure to enable the delivery of the SFRS People Agenda	There is a risk that an affordable pay offer cannot be negotiated with trade unions to secure the wider role of the Service.	Ongoing engagement with trade unions.
Failure to maintain effective systems of control.	There is a risk that costs are not adequately controlled.	Robust financial management arrangements including detailed monthly monitoring and reporting.
Failure to maintain confidence in the Service	There is a risk that the public and their elected politicians are uncomfortable with our proposals for change.	Robust data analysis coupled with wide ranging consultation and engagement will be undertaken to build consensus.
	There is a risk that the Scottish Government is uncomfortable with our proposals	Ensure early engagement with the Sponsor Team, supported by a robust business case.

13. REFERENCES

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10	Community Empowerment (Scotland) Act 2015
11	Budget Outturn Report 2016/17, SFRS, October 2017
12	Working Together Framework, SFRS, November 2013
13	Police Scotland Survey – http://www.scotland.police.uk/assets/pdf/138327/307421/355352/368284/your-view-counts-national-survey-2016?view=Standard
14	Scotland's Population 2015 Infographic Report, National Records of Scotland, August 2016
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 - 22 Autumn Budget 2017, HM Treasury, November 2017
 - 23 SFRS Public Opinion Survey Results 2017, SFRS, 2017
 - 24 https://nhsproviders.org/media/1440/sir-graham-meldrum_effective-leadership-for-future-models.pdf
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