



## National Fire Chiefs Council

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### **Provisional 2018-19 Local Government Finance Settlement Consultation**

Dear Roger,

This letter represents the response from the National Fire Chiefs Council (NFCC) Finance Coordination Committee to the Provisional 2018-19 Local Government Finance Settlement. The Committee also refers the Department to individual responses from fire and rescue authorities (FRAs).

The committee responded to the technical consultation earlier in 2017 and is clearly disappointed not to receive some recognition in the settlement for the impact that the Grenfell Tower tragedy has had on FRAs. Nevertheless, we welcome the additional 1% flexibility in referendum limits which will go some way to address the professional concerns over funding.

Following consultation with the sector many options have been discussed, with an overarching view that the way fire is funded should be reviewed to take into consideration the cost drivers for fire and the variance in factors which affect fire funding across many different governance models in the sector. For example; band D council tax levels for individual authorities are affected by the number of properties in each band; the divergence between those that have higher and lower percentages of grant funding; actual spending power and the impact of cost demands on all authorities not just a few.

In our submission on the 26<sup>th</sup> of October to the '2018-19 Local Government Finance Settlement: Technical Consultation Paper' we asked for "*additional council tax flexibility for the fire and rescue service along the lines of that offered to shire districts or police and crime commissioners*". And that "*given the similar levels of precept, that the fire service be offered similar referendum principles to those given to the shire districts or the police and crime commissioners. That is £5 or 2% whichever is the greater for fire and rescue services. The fire element of the average local authority council tax band D bill in stand-alone FRS areas is worth just 5% of the total bill. Even allowing stand-alone FRS to*

*increase their precept by £5 would only increase average local authority council tax band D bills by approximately 0.5%.”* and this is still our preferred position.

However, because current referendum principles mean that should FRAs raise their precepts by the maximum allowed amount each year then the range of FRA precepts will diverge rather than converge. Put simply, FRAs with larger precepts will be able to raise significantly more additional funding than their counterparts with lower precepts. Although we appreciate the additional flexibility announced, we also request some further support for those FRAs whose precept falls in the lowest quartile. To this end we ask for the referendum limit to be raised to £3 for those FRAs which would help mitigate against this divergence.

Such a move would bring FRAs in line with shire districts which have similar referendum principles and also with the 2017-18 police precept principles. This said both districts and police had slightly higher principles for their respective lowest quartiles (£5).

Our request would net approximately £4m in additional council tax revenue (when compared to the 3% limit) for those members, yet band D bills in these areas would increase by just 6p a week between 2017-18 and 2018-19. The maximum percentage increase in any stand-alone FRA would be just 5.3%. When one considers that the fire element of the average council tax bill makes up just 5% of the total bill, we feel that this will have minimal impact on affordability for tax payers.

The NFCC is intending to conduct further work regarding our current budgetary positions and medium term forecasts in order to provide a strong evidential base for future funding settlements. In the meantime, we believe that this represents a modest and appropriate request for 2018-19, allowing FRAs with the lowest precepts to catch-up slightly and to help towards the equalisation of spending power effects from any future announcements.

As outlined in our response to the Technical Consultation, our members are concerned that demand, in terms of primary fires, is beginning to increase. Combined with the increased demand for fire safety inspections and enforcement action in the aftermath of the Grenfell tragedy, many now believe that the service is at a tipping point where further funding cuts will pose an unacceptable risk to communities.

The NFCC recognises that, although the Police have been offered an exceptional settlement when compared to the rest of local government, this has only been achieved following significant work to demonstrate the planned use of reserves as well as evidencing the pressures that the service is under.

Recent discussions between the NFCC leadership, the permanent secretary and the Fire Service Minister have highlighted the importance of working with Home Office colleagues to evidence the demands and pressures the service is facing in order to present a coherent argument to the Treasury. The NFCC are very keen to work with the Home Office on such a piece of work and look forward to continuing discussions in 2018. We are also beginning a piece of work to better demonstrate the level and purpose of the reserves currently held by FRAs; something that we know the Minister is keen to understand.

The NFCC also notes that the Department for Communities and Local Government published their Fair Funding Consultation alongside the provisional settlement and we are keen to be involved in the discussions and will be responding separately to that consultation.

In summary, the NFCC welcomes the additional precept flexibility but requests a small additional freedom for those FRA's whose precept is in the lowest quartile. Thinking ahead into 2018 and beyond, our members are eager to work with the Home Office to collect evidence on demand and pressures. We hope that this is complimented by the planned NFCC work to better understand FRA's current levels of reserves as well as their forecasted use.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Hales', written in a cursive style.

**Philip Hales**  
**Deputy Chief Fire Officer**  
**Chair of Finance Coordination Committee**  
**National Fire Chiefs Council**