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8 January 2019

**Provisional 2019-20 Local  
Government Finance Settlement  
Consultation**

Dear LGF Settlement Team,



**NFCC**  
National Fire  
Chiefs Council

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This letter represents the response from the National Fire Chiefs Council's (NFCC) Finance Coordination Committee to the Provisional 2019-20 Local Government Finance Settlement. The Committee also refers the Ministry to individual responses from fire and rescue authorities (FRAs).

Many of our members are working as part of a larger county or unitary authority and whilst those larger organisations will likely be responding to this consultation it is possible that pressures in fire and rescue services may be overshadowed by the well-publicised pressures in adults and children's social care. The NFCC would like to highlight that the fire and rescue services within these larger authorities will still be facing the same pressures as their stand-alone FRA colleagues.

**Service Delivery Pressures**

According to Home Office statistics, between 2010 and 2017 there was a reduction in FTE firefighters of over one-fifth. Over this same period average response times to primary fires have increased from 8.2 minutes to 8.7 minutes and the likelihood of a fire resulting in a fatality has similarly risen. Whilst incident numbers had been falling these have since plateaued.

If a fire of the scale of Grenfell Tower occurred anywhere other than London, it would be a significant challenge for any FRA to resource – even with mutual assistance. The reductions in firefighter numbers also directly impact the availability of personnel to support national resilience capabilities.

Regarding fire and rescue operations post-Grenfell, FRAs have faced additional requirements for inspections in high rise properties, even before legislative change. The fallout of Grenfell and HMICFRS findings that there has been a 42% reduction in the number of fire safety audits over the last seven years, have further increased the financial pressures on FRAs.

**Council Tax**

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.

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. Therefore, we 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 £5 for those FRAs (in a similar manner to shire districts) or preferably, raised to £5 for all FRAs (in a similar manner to police, though less); either of which would help mitigate against this divergence. However, within this second option we also request that further consideration be given to the gap between FRAs' council tax levels and their ability to increase spending power through local taxation.

Our request would net approximately £10.7m or £30.3m (dependant on the above options) in additional council tax revenue (when compared to a 2.99% raise), yet band D bills would increase by a maximum of just 10p a week between 2018-19 and 2019-20 (compared to a 4p a week increase otherwise). The maximum percentage increase in any stand-alone FRA would be just 8.5%. When one considers that the fire element of the average council tax bill makes up just 4.8% of the total bill, we feel that this will have minimal impact on affordability for tax payers.

## **Reserves**

Whilst our policing colleagues have received increased flexibilities for a second year running due to a well-evidenced reduction in reserves, the NFCC has conducted the first of an annual survey of reserves forecasting reserves levels over the medium term. Once the second of these is conducted during 2019-20, we will have a firmer statistical footing upon which to compare both the national and local pictures of FRA reserves in a similar manner to the work undergone by police authorities. This said we can state some initial findings at a national level.

The NFCC notes that in response to a question from Sharon Hodgson MP, the Secretary of State James Brokenshire referenced a significant increase in reserves over the period 31 March 2011 to 31 March 2018. It is important to note that a similar rate of increase was seen in police reserves between 2011 and 2015, however the Government has recognised a significant reduction in police reserves since 2015.

Initial findings of the first NFCC Reserves Survey suggest a significant reduction in Reserves over the medium-term with fire and rescue reserves becoming more critical than police reserves were in 2017, by 2020. The NFCC understands that forecasts and potentials are inconclusive and will continue to work with the Home Office to better understand reserves usage nationwide and the slope and direction of travel in the medium-term. It is vitally important that the Government is prepared to increase central funding and/or council tax

flexibilities at the point where reserves are seen to be reducing as forecasts suggest that reserves levels looking ahead could reduce rapidly.

## **Pensions**

The NFCC is grateful that the majority of the additional £108.5m pensions costs (due to changes to the discount rate for unfunded public-sector pensions) is being met by a section 31 grant payment in early 2019-20. This said, it is of vital importance that this cost is continued to be met looking forward.

The NFCC estimate total English FRA, Net Revenue Budgets (NRBs) of £1.9bn per year, which means that these additional pensions cost represent 5.7% of NRBs. The £108.5m total cost would be equivalent to 2,855 FTE fire fighters, 6.7% of the total headcount; and would require a £10.05 (or 13.7%) increase in council tax alone (and more than this for some FRAs). To fully cover these costs and to provide additional flexibilities up to 3% nationally, a £12.25 (or 16.69%) increase would be required.

With reserves at or near peak, and council tax referendum principles at 3%, this cost represents a very significant pressure that must be addressed looking forward and not just for 2019-20.

## **Summary**

In summary, the NFCC welcomes the continued precept flexibility but requests small additional freedoms to protect against continued divergence of council tax. Thinking ahead, our members are eager to continue work with the Home Office to collect further data and evidence and to develop a sure understanding of reserves levels and projections. Regarding Pensions, it is vitally important that additional costs are met going forward and that the welcomed section 31 grant announcement is not a one-off for 2019-20 only.

Yours sincerely



**Philip Hales**

**Deputy Chief Fire Officer**

**Chair of Finance Coordination Committee**

**National Fire Chiefs Council**