

Fire Commission

Agenda

Friday 11 February 2011
11.00

The Westminster Suite (8th Floor)
Local Government House
Smith Square
LONDON
SW1P 3HZ

To: Members of the Fire Commission
cc: Named officers for briefing purposes

Guidance notes for visitors

Local Government House, Smith Square, London SW1P 3HZ

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Please read these notes for your own safety and that of all visitors, staff and tenants.

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Please don't forget to sign out at reception and return your badge when you depart.

LG Group Fire Commission 11 February 2011

There will be a meeting of the **LG Group Fire Commission at 11.00am on Friday 11 February 2011 in the Westminster Suite (8th Floor)**, Local Government House, Smith Square, London, SW1P 3HZ.

Group Meetings (from 10.00am)

Conservative Group (Westminster Suite) (8th floor)
Labour Group (Millbank Room) (8th floor)
Lib Dem Group (Rathbone Room 1) (7th floor)
Independent Group (Horseferry Room) (7th floor)

Tea and coffee will be provided in Political Group Meetings from 9.45am.

Lunch will be provided following the meeting.

Apologies

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

Labour: Aicha Less: 020 7664 3263 email: aicha.less@local.gov.uk
Conservative: Angela Page: 020 7664 3264 email: angela.page@local.gov.uk
Liberal Democrat: Evelyn Mark: 020 7664 3235 email: evelyn.mark@local.gov.uk
Independent: Group Office: 020 7664 3224 email: independent.group@local.gov.uk

Attendance Sheet

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Location

A map showing the location of Local Government House is printed on the back cover.

Contact

Paul Johnston (Tel: 020 7664 3031; e-mail: paul.johnston@local.gov.uk)

Hotels: The LG Group has negotiated preferential rates with two hotels close to Local Government House – the **Novotel** (Tel: 020 7793 1010), which is just across Lambeth Bridge, and the **Riverbank Park Plaza** (Tel: 020 7958 8000), which is along the Albert Embankment. When making a booking, please quote the LGA and ask for the government rate.

http://www.parkplaza.com/hotels/gbriver?s_cid=se.bmm2175

<http://www.novotel.com/gb/hotel-1785-novotel-london-waterloo/index/shtml>

LG Group Fire Commission 2010/11

04.10.10

Fire Commission

All Fire Authorities in full or corporate membership of the Association have the right to representation and voting on this Commission in accordance with Article 10 (and Schedule 1) of the LG Group Constitution, Standing Orders and Political Conventions.

Additional members from fire authorities appointed as necessary by the political groups to ensure political balance as provided by Article 9.3.

Nominating Body	Authority	Member	Party
Combined Fire Authorities	Avon	Peter Abraham	Con
"	Bedfordshire & Luton	Sian Timoney	Lab
"	Royal Berkshire	Paul Bryant	Con
"	Buckinghamshire and Milton Keynes	David Rowlands	Con
"	Cambridgeshire & Peterborough	Roy Pegram	Con
"	Cheshire	David Topping	Con
"	Cleveland	Jean O'Donnell	Lab
"	Derbyshire	David Wilson	Con
"	Devon & Somerset	Mark Healey	Con
"	Dorset	Chris Bulteel	Con
"	Durham & Darlington	Gordon Tennant	Lab
"	East Sussex	Ted Kemble	Con
"	Essex	Anthony Hedley	Con
"	Hampshire	Royston Smith	Con
"	Hereford & Worcester	Peter Jones CBE	Con
"	Humberside	Brian Jefferies	Lib/Dem
"	Kent and Medway	Bryan Cope	Con
"	Lancashire	David O'Toole	Con
"	Leicestershire	Peter Roffey	Con
"	North Yorkshire	John Fort	Con
"	Nottinghamshire & City of Nottingham	Darrell Pulk	Lab
"	Shropshire & Wrekin	Stuart West	Con
"	Stoke on Trent & Staffordshire	Len Bloomer	Con
"	Wiltshire & Swindon	Robert Hall	Con
County Councils	Cumbria	Gary Strong	Con
"	Gloucestershire	Will Windsor-Clive	Con

“	Hertfordshire	Keith Emsall	Con
“	Lincolnshire	Peter Robinson	Con
“	Norfolk	Harry Humphrey	Con
“	Northamptonshire	Andre Gonzalez de Savage	Con
“	Northumberland	Alan Thompson	Lib/Dem
“	Oxfordshire	Judith Heathcoat	Con
“	Suffolk	Rae Leighton	Con
“	Surrey	Kay Hammond	Con
“	Warwickshire	Richard Hobbs	Con
“	West Sussex	Peter Evans	Con
London Fire and Emergency Planning Authority		Brian Coleman	Con
“		Maurice Heaster	Con
“		Tony Arbour	Con
“		David Cartwright	Con
“		Navin Shah	Lab
“		Colin Aherne	Lab
“		Terry Stacy	Lib/Dem
“		Simon Walsh	Mayoral Appointee
Metropolitan Fire & Rescue Authorities	Greater Manchester	Paul Shannon	Lib/Dem
“	“	John Bell	Con
“	“	Jack Walton	Con
“	Merseyside	Tony Newman	Lab
“	“	Jimmy Mahon	Lab
“	South Yorkshire	James Andrews	Lab
“	“	Paul Lakin	Lab
“	Tyne & Wear	Tom Wright	Lab
“	“	Nick Forbes	Lab
“	West Midlands	David Hinton	Lab
“		Neil Eustace	Lib/Dem
“	“	John Alden	Con
“	West Yorkshire	David Ridgway	Lib/Dem
“	“	Peter Harrand	Con
“	“	Andrea McKenna	Lab
Unitary	Isle of Wight	Barry Abraham	Con
Welsh Fire Authorities	Mid & West Wales Fire	<i>Vacany</i>	
	North Wales Fire	Sharon Frobisher	Con
	South Wales Fire	Anthony Ernest	Con
Balancing Members			
Conservative (5)			
	Buckinghamshire CC	Steven Adams	
	Cornwall FRA	Lance Kennedy	
	Essex FA	Ann Holland	

	Royal Berkshire FA	Angus Ross	
	Wiltshire & Swindon FA	Mike Bawden	
Labour (13)			
	Cheshire FA	John Joyce	
	Cleveland FA	Brenda Forster	
	Gtr Manchester FRA	Fred Walker	
	Merseyside FRA	Dave Hanratty	
	Merseyside FRA	Les Byrom	
	Durham & Darlington FRA	Jane Brown	
Liberal Democrat (14)			
	Dorset CC	David Milsted	
	Essex CC	Tom Smith-Hughes	
	Gloucestershire CC	Jeremy Hilton	
	Hampshire FRA	Roger Price	
	Merseyside FRA	Eddie Clein	
	North Yorkshire FRA	Caroline Seymour	
	Nottingham & City of Nottingham FRA	Alex Foster	
Independent (7)			
	Wiltshire FA	Christopher Newbury	

Agenda

LG Group Fire Commission

11.00, Friday 11 February 2011

The Westminster Suite (8th Floor), Local Government House

For discussion

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For information / noting

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Date of Next Meeting: Friday 17 June 2011, 11.00, Local Government House

Item 1

Localisation of Business Rates - implications for Fire Authorities

Purpose of report

For discussion.

Summary

The LG Group Executive considered the issue of localisation of business rate at its meeting on 10 February. This issue is one that will have implications for Fire Authorities, and these implications will need to be thoroughly considered as part of the wider LGA position.

Attached to inform Members' debate at the Commission are:

1. The report that went to the February Executive on localisation of business rates (**Appendix A**);
2. The report that went to the Executive in December 2010, along with the accompanying presentation given to the December meeting (**Appendix B and C** respectively).

Stephen Jones, LG Group Finance Director, will attend the Commission meeting to update Members.

Recommendation

Members' views are invited on the implications of the localisation of business rates for Fire Authorities to inform the wider LGA position.

Action

LG Group officers to progress actions as appropriate.

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APPENDIX A

Local Government Resource Review

Purpose of report

For direction

Summary

This paper provides an update on work on the issues raised by the forthcoming Local Government Resource Review, in particular the potential for local authorities to retain business rates.

Recommendation(s)

Members are asked to provide a steer on the broad objectives that the Association should pursue through the Local Government Resource Review.

Action

Group Finance Director

Contact officer: Stephen Jones
Position: Group Finance Director
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Local Government Resource Review

Background

- 1 Last December's Group Executive considered a paper and presentation on the potential for achieving, through the government's planned Local Government Resource Review, greater financial autonomy and flexibility through the retention of business rates locally. As members will recall, the government's intention to review this area was announced in the October 2010 Local Growth White Paper. The White Paper said that the review offered 'a significant opportunity to consider a range of options to provide genuine incentives for local economic growth through the business rates regime, and to equip local authorities with the tools to support that role'. It added that the review would need to consider a number of important issues, including in particular how to fund councils where locally raised funding would be insufficient to meet budget requirements.
- 2 There is no doubt that the prospect of change in this area is very much to be welcomed. At best, the outcome of the review could be to secure a number of major changes to local government finance that have long been sought by the Association. The challenge for us is to achieve that kind of top-end outcome in this area, given the history of previous reviews that have produced little real change. In this context, the government's expression of determination to translate review into action is encouraging.
- 3 The discussion in December covered a diverse range of perspectives on the relevant issues, including concerns that resources should be distributed on the basis of need; doubt that all areas of the country enjoyed local economic conditions conducive to using business rates based incentives to support local economic growth; desire for a genuine incentive enabling councils to keep full control over additional business rates income; and a variety of views on how such arrangements might work in two-tier areas and for single service authorities.
- 4 This would also provide the framework which would enable Tax Incremental Finance (TIF) schemes, where councils can borrow against a future uplift in their business rates base in particular defined areas to help fund major infrastructure development. The LGA has done work with member councils and the government on the introduction of TIF. Further progress on this is, in the view of the government, dependent on the Resource Review. For member authorities, it is very important that real progress is made in this area, and quickly.

- 5 The December discussion concluded with members authorising further work on the issues raised by the Resource Review, including consultation with member authorities; and emphasised that the LG group should not take a lobbying position in favour of any one manner of redistributing business rates.
- 6 Since then, effort has not surprisingly been concentrated (both in the LGA, in member authorities and in the Department for Communities and Local Government) on the immediate issues raised by the Local Government Finance Settlement. The Department has yet to initiate the Local Government Resource Review formally or publish terms of reference for it. Nevertheless, some issues have emerged that were not covered in December's discussion but are germane to the review, and it will be helpful to have members' views on these issues at an early stage.

Scope of the review

- 7 There has been political debate about the scope of the review. This is a key point. As was clear from members' discussion in December, a review that is solely focused on business rates could produce an outcome that left councils in general less dependent on government grant than is now the case, but many questions would be left open about funding mechanisms for authorities where locally raised funding is insufficient. These questions raise some sharp political issues. Most formula grant is currently redistributed business rates; it follows that a reform of business rates would be difficult to carry out without a fundamental review of the current 'four block model' method of distributing formula grant. This provides an opportunity to reform what is largely seen as a non-transparent system.
- 8 The ongoing political debate has also highlighted wider issues about the links between business rates reform and moves towards greater local financial devolution and autonomy, for example reform to the council tax, the introduction of new local taxes (or perhaps the assignment of existing ones) and relaxation of some important restrictions on local government.
- 9 We can see this tension at work in the lobbying we have done on the issue of capitalisation. At present, the Association's call for greater financial freedom is being rejected not because it is unnecessary or unsound but because the way in which the government is seeking to control public spending as a whole, including spending funded locally through council tax, means that spending decisions taken locally count against the government's overall fiscal numbers. Therefore, supposedly in the interests of controlling the overall public spending numbers, the Treasury imposes constraints on actions that, from a local perspective, simply represent sound and sensible management of local resources.

- 10 It follows that business rates reform on its own, without wider reform of the framework for control of public spending, would not solve and might even increase this kind of central-local tension. Superficially, being allowed to retain the proceeds of extra business rates and extra council tax from local growth seems attractive. But how real is that freedom if it is constrained by overall decisions on limiting public spending? On the opposite side of the coin, and reflecting some of the concerns expressed in the December meeting, what assurances would government be prepared to give to areas that did not enjoy high economic growth, that falling or stagnant local revenues would not be allowed to pull a locality into a downward spiral of decline?
- 11 There is the related question of council tax discounts and other reforms to the council tax, aside from a full council tax revaluation which is clearly 'off limits' for the government. This links with consideration of how localisation of council tax benefit can be introduced, bearing in mind the 10% cut in subsidy from 2013 announced in the Spending Review.
- 12 Members' views on the scope of the review and, in particular, its interaction with wider questions about local financial autonomy and spending control, would be appreciated in order to shape the Association's further work.

Management of financial risk

- 13 At present, a number of risks relating to business rates yield are managed by government and, therefore, do not give rise to potential financial risk for local authorities. There are four principal risks of this nature.
- 14 First, government manages the ups and downs of overall fluctuations in the yield from business rates through the business rates pool. The pool must balance over a number of years but does not need to balance in any one year. At times, the pool has been significantly in deficit, with the government being prepared to distribute more money to local authorities than is likely to be raised from business rates and allowing this deficit to be recovered over a period of years. The amounts involved here have been in the low £ billions, quite significant in relation to the overall level of yield.
- 15 Second, government manages risk arising from inaccuracies in local authorities' estimates of likely business rates income. Differences between authorities' estimates of what is likely to be raised, and what is actually raised, result in adjustments in the amounts paid in to the business rates pool. These adjustments are treated by the government as 'annually managed expenditure', which means that it, and not local authorities, takes the risk. In recent years the differences arising have been in the hundreds of millions of pounds.

- 16 Third, government manages risk arising from changes to the structure of business rates, for example through the impact of revaluation or through new reliefs. The impact of revaluation or changes to reliefs can be extremely difficult to predict at individual local authority level, and revaluation in particular – given the principle that it does not affect the total national yield raised – can lead to significant changes in local yield that are outside individual authorities' control. Having said that the question of how revaluation should be managed when business rates are localised is a very real one.
- 17 Finally, because authorities get redistributed business rates rather than retaining their own locally raised business rates, the government bears risks associated with local economic contraction, such as the bankruptcy of a large local employer.
- 18 Under a system of local retention of business rates, it is possible that management of at least some of these kinds of risks would sit squarely with individual local authorities. Authorities are well used to managing financial risks, and most do so very effectively, but we could be talking here about a substantial risk transfer from central to local government. This risk could be mitigated by either
- continuing with a centrally managed, but smaller, business rates pool; or
 - arrangements for the risk to be managed collectively by local government.
- 19 It would be helpful to have members' initial views on authorities' appetite for operating in this very different kind of environment, and on the kind of financial relationship with government that we might want as a consequence.

Recommendations

- 20 Members are asked for a steer on the broad objectives that the Association should pursue through the Local Government Resource Review, in the light of these emerging issues. This will shape our further consultation with member authorities.

Financial Implications

- 21 This is core work for the finance team and all work is contained within existing budgets.

APPENDIX B

LG Group Resource Review: local retention of business rates

Purpose of report

For discussion and direction

Summary

The Government's White Paper 'Local growth: realising every place's potential' examines the potential for local retention of business rates. This is an option which has long been LGA policy.

Recommendation

That the Executive agree:

1. Within the context of the Local Government Resource Review, officers consult with member authorities, discuss with CLG, and bring back for members' further consideration, ways in which the LGA's goal of relocalising business rates can be achieved. This work should take into account:
 - 1.1 The advantages and disadvantages, in the context of a relocalised model which would also allow for incentives, of various options by which authorities that currently raise very large amounts of business rates might contribute to the needs of authorities where business rates and council tax income is currently insufficient to fund spending.
 - 1.2 That the LGA's goal remains to have local control over the rate, but this might have to be achieved gradually.
 - 1.3 Implications for the local government finance system as a whole, such as a simplified and more transparent needs formula

Action

Group Finance Director

Contact officer: Stephen Jones
Position: Group Finance Director
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LG Resource Review: Local retention of business rates

Background

1. The Government in its Local Growth white paper published on 28th October indicates its willingness to consider wide ranging changes to the system of collecting and then redistributing business rates. The aim of the changes would be to provide stronger incentives for councils to promote local economic growth. Some of these ideas are in line with changes previously advocated by the Local Government Association.

The issue

2. As the Local Growth White Paper notes, under existing arrangements all business rates collected by local authorities are paid into a national pool, which is then redistributed as part of formula grant. This means that councils do not receive the direct benefit of business growth, so there is little incentive. The previous government tried, through the Local Authority Business Growth Incentive scheme (LABGI) to provide for local authorities to be rewarded for local growth in the business rates taxbase. This scheme was seen by its critics as too bureaucratic and non-transparent.
3. The White Paper examines the idea of a Business Increase Bonus which would allow authorities where business rates growth exceeds a threshold to keep the increase, up to a certain level, for a period of six years. This, the White Paper suggests, could provide a strong incentive to all councils to seek long term sustainable growth: but it would not change the basic architecture of the business rates pool. The White Paper also considers a more radical alternative, looking at ways of enabling councils to retain locally raised business rates. This, it suggests, could provide an even stronger incentive and could also mean that many local councils 'are set free from dependency on central funding'. The government will therefore be looking at this within the context of the Local Government Resource Review, which will formally commence in January. Officers have had contact with CLG officials in the run-up to this.
4. In its submissions to the Balance of Funding Review and the Lyons Inquiry the LGA, with all party agreement, proposed a model along the lines of the radical alternative which the Government is now exploring.
5. The White Paper also commits to introducing new borrowing powers to enable authorities to carry out Tax Increment Finance (TIF). This would allow councils to borrow against future growth in business rates income. It is likely that, at least initially, TIF would be introduced through a bid-based process. The White

Paper notes that the interactions between TIF and the Business Increase Bonus scheme could differ from those between TIF and a system for retention of business rates. Officers' analysis is that a business rates retention model would provide greater certainty and encourage greater use of TIF powers as a means of investing in infrastructure that would support economic growth.

Options for locally retained business rates

6. The White Paper notes that a series of questions need to be addressed in developing a proposal under which councils could retain locally raised business rates. These issues include:
 - 6.1 the position of councils whose business rates and council tax income is significantly higher than their current spending: a possible mechanism could be that instead of paying over all their business rates councils would only pay over an excess, calculated according to a needs measurement less an amount representing ability to raise to council tax;
 - 6.2 how to fund councils where locally raised business rates, along with council tax, do not raise enough money to pay for services – in particular councils such as county councils in two tier areas.
7. In its December 2006 publication, in conjunction with Tony Travers, 'Would it be possible to relocalise the NNDR' the LGA developed a model to show how these issues might be resolved. This work has now been updated for 2010/11. According to one variant based on the 'excess' arrangements described in 6.1 above, 77 authorities would pay into a pool and 343 authorities would gain from the pool.
8. It would be possible to add provision for an incentive to the basic proposal. according to which local authorities would get to keep increases over a threshold, along the lines of the business incentives bonus. The amount paid out by the pool would be scaled down, so there would be losers as well as gainers.
9. It is recommended that further work is done to develop these and other options so that their advantages and disadvantages can be clearly understood.
10. The main further issue in relocalising business rates is control over the rate. In our submission to Lyons, we proposed giving councils leeway of +/-3% over the national rate. The White Paper does not rule out giving councils control over the rate, but says that businesses should not be subject to locally imposed increases in the burdens of taxation which they do not support.

Conclusion and recommendations

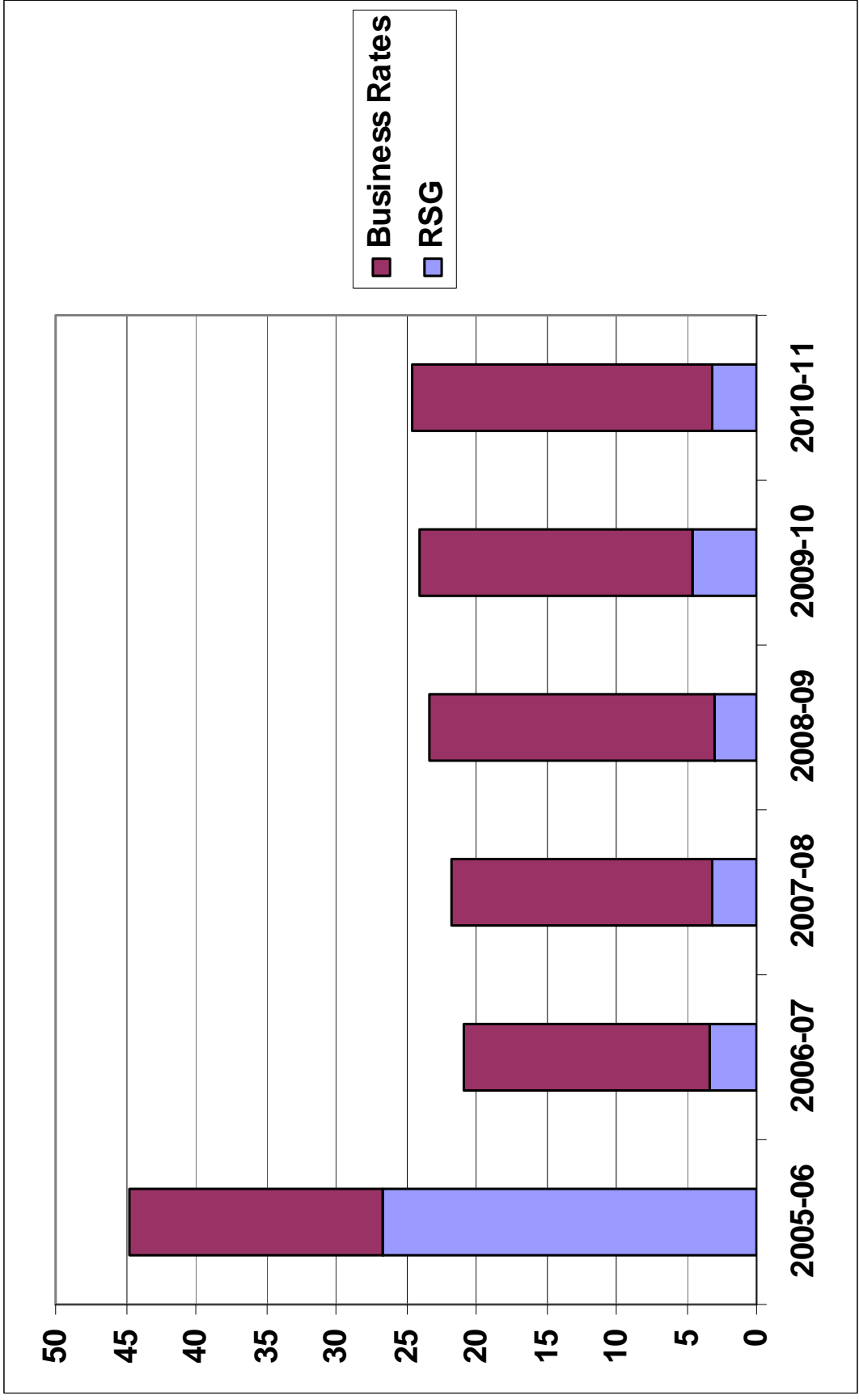
11. The White Paper indicates that local business rates retention, and the development of the policy and legislative framework for TIF, will be considered in the Local Government Resource Review which the government is due to launch in January and run for about 6 months.
12. LGA officers recommend that the Group Executive's starting point should be to welcome the willingness to consider the radical alternative of business rates retention, and authorise work to develop proposals for reform along these lines, including wide consultation with member authorities. In principle, it is considered that there are strong advantages to this model over the current situation:
 - 12.1 It may be possible to develop a scheme in which, for the majority of authorities, all business rates could be retained locally;
 - 12.2 With a clear entitlement to business rates income now and in the future, authorities could borrow against future business rate growth, both as part of a TIF scheme and more widely, as part of their prudential borrowing;
 - 12.3 This kind of reform could make it much easier for authorities to introduce local discount schemes for business rates;
 - 12.4 Even with 'equalisation' arrangements to cater for authorities whose business rates income was much higher or lower than their spending, it should be possible to provide stronger and clearer incentives to encourage growth than with less radical alternatives such as the Business Increase Bonus
13. It is important to emphasise that, in this work, the LGA role is in promoting solutions which would be widely seen as improving the position of local government as a whole. Our established policy is not to promote one particular distribution as opposed to another, and this would be respected.
14. It is proposed that a further report should be made to the Group Executive once the issues have been more fully explored and, in particular, the current views of member authorities have been taken.

Financial Implications

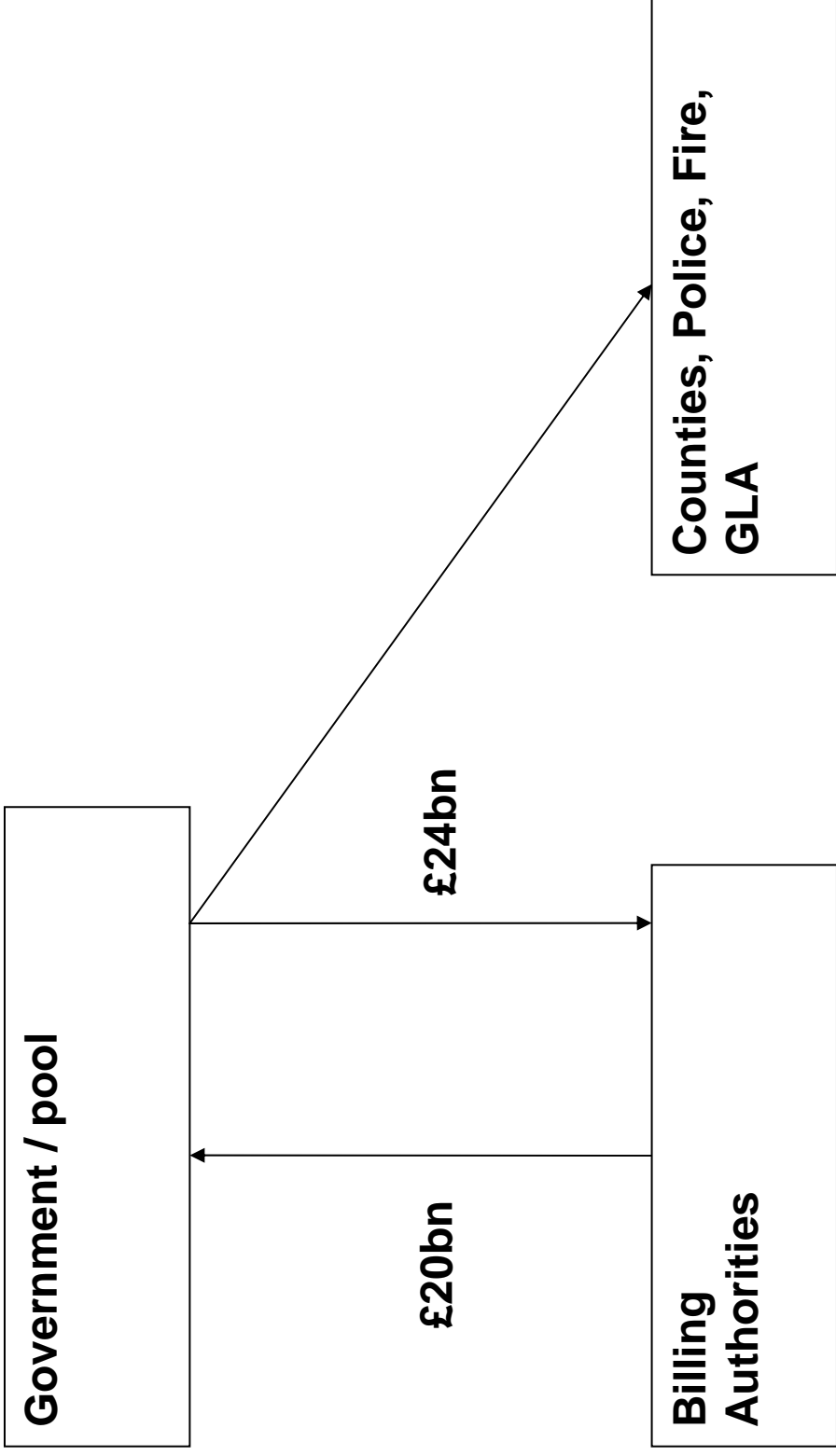
15. This work can be carried out within the group's existing resources.

Local retention of business rates

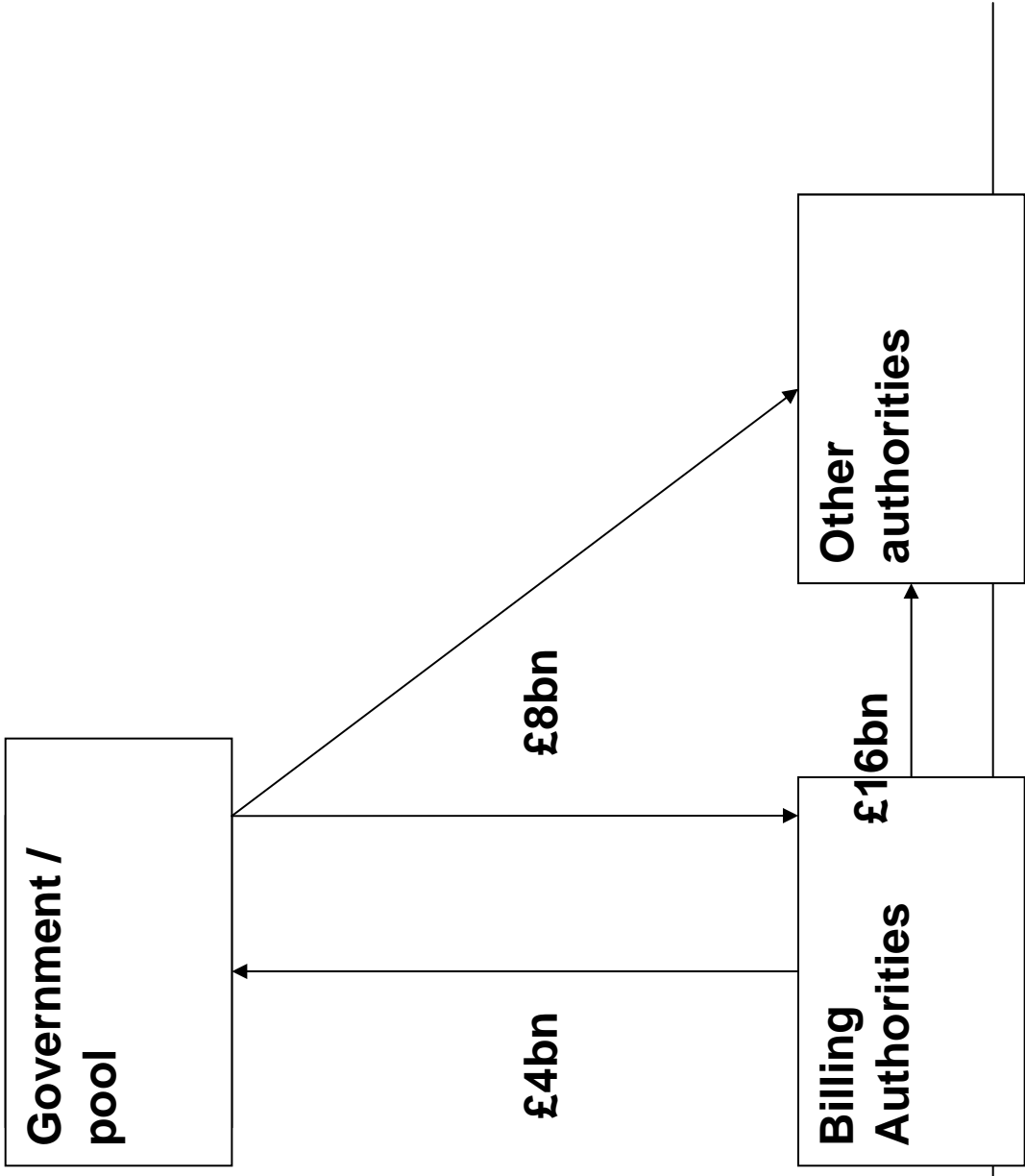
The current situation – most formula grant is redistributed business rates



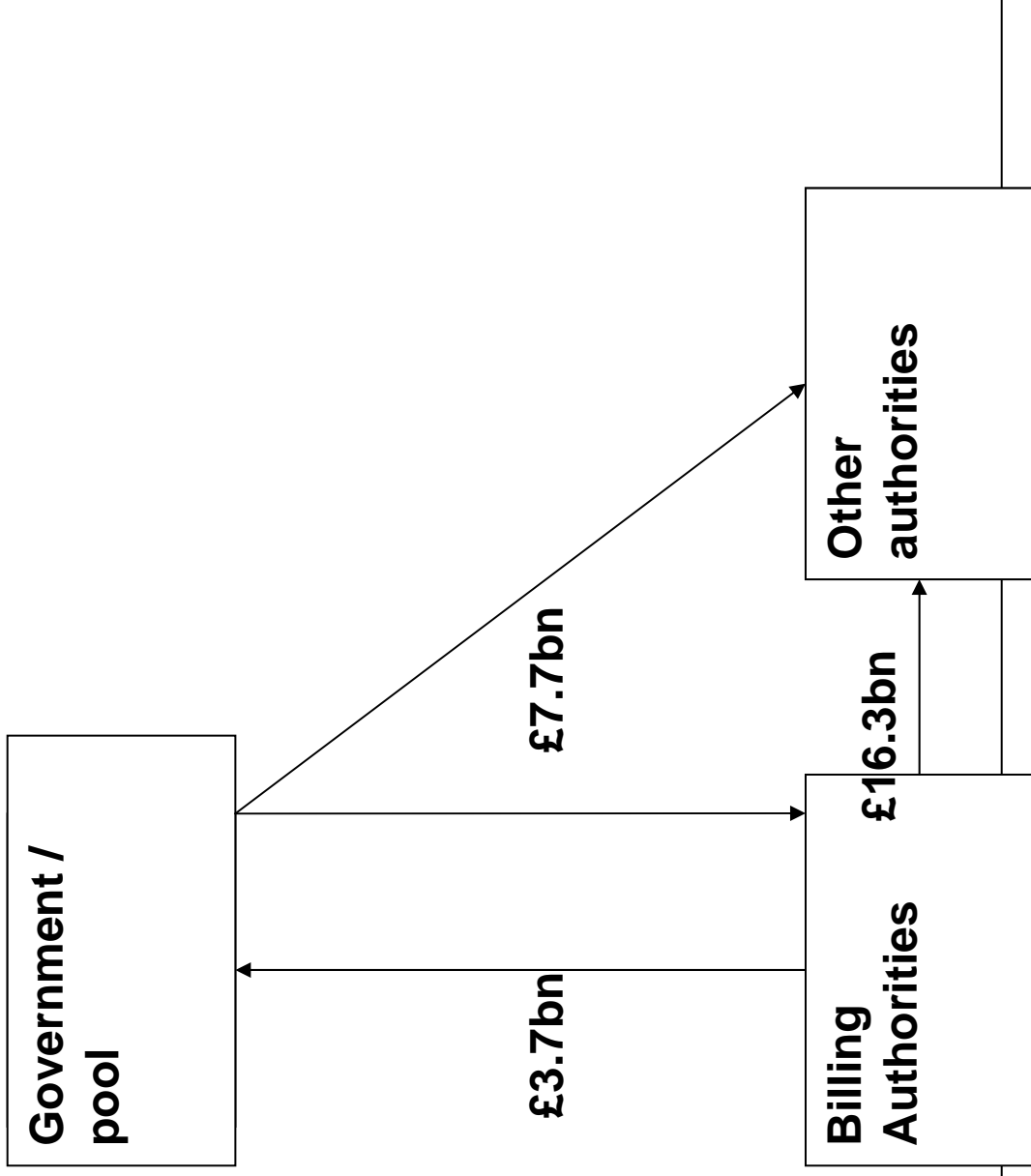
How it is done at the moment



How it might be done – without incentive



How it might be done – with incentive of £300m



Summary of the possible new system

- New needs assessment – replacing the ‘four block model’
- Payment into/from pool
 - Needs less capacity to raise council tax less capacity to raise business rates (after local redistribution)
 - According to one model 77 authorities would pay into a pool and 343 would receive from it
 - There could be an incentive element – there would be losers as well as winners

Item 2

The future of the Fire Service College

Purpose of report

For discussion / decision.

Summary

The Fire Service College provides a crucial resource for Fire and Rescue Services and has unique facilities for providing specialist training to FRAs. However, the College is not currently operating on a financially sustainable basis, remains underutilised and is beset by debt that means that the current model requires on-going state subsidy. The LGA view is that a sector-led model would allow the College to better support the needs of the sector, improve standards and consistency of training, achieve economies of scale and ensure FRS interoperability and resilience. In principle, the sector would be willing to consider partnership arrangements to deliver the functions of the College on behalf of FRAs, but could not take on its current debt and liabilities.

This paper provides an overview of issues facing the College to inform discussion on options for its future operation.

Recommendation

Members are asked for views on the above issues and options to inform the LGA's proposals for the future of the College, which will be taken forward as part of our negotiations with CLG on National Functions.

Action

LG Group officers to progress actions as appropriate.

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Item 2

The future of the Fire Service College

Background

1. The Fire Service College, based at a 400 acre site Moreton-in-Marsh in Gloucestershire, provides specialist operational fire and rescue training. It offers programmed and bespoke training and development opportunities and consultancy and advice. The College has a 55-65% share of the overall UKFRS specialist / operational training market, representing £17.5m income in 2009/10. The majority of the college's income stream comes from the UK Fire and Rescue Service. Other sources of training revenue income include international Fire services, other government agencies and the private sector. The College is seeking to commercialise and attract business from these other market sectors and focus on supporting national resilience, and fire service and multi-agency interoperability. The training provided at the College achieves consistently high satisfaction ratings and its facilities are unique in the UK.
2. Prior to 1990 the training provided by the College to local authority fire brigades in England and Wales was funded directly by Government. In 1992, the College became a Trading Fund and an Executive Agency of the Government. The College carries a significant debt to the Treasury incurred as a result of long term loans and the assets transferred to the fund. In 2008/09, CLG undertook a strategic review of the college and concluded that the college could achieve financial sustainability by operating on a fully commercial basis. Despite increasing training revenue levels by £1.1million and generating over £430,000 from the sale of two college houses, the college reported a £1.6m trading deficit in 2009/10 falling short of the targets agreed with CLG to progress towards a sustainable business model.

Issues facing the College

3. **Competitive pricing** - The College competes with a number of FRS training establishments which are publicly funded allows them to offer training at lower cost than the College which must include its full overheads in its prices.
4. **Investment in facilities** – The College's facilities are unrivalled in the UK; however, they are in need of renewal and investment to attract a larger market share and avoid depreciation of assets.
5. **Growing market share in training to the private sector** – it is important that the College seeks to increase its market share in the private sector but it should also capitalise on its key distinctiveness by focusing on operational and incident command training rather than using its resources and capacity in delivering training that can be better delivered at other venues.

6. **Debt and liabilities** – The College is constrained by long term debt imposed by the Treasury. Freedom from the debt burden would increase the commercial viability of the college and we would look to discuss this matter with Treasury Officials to explore options to account for the assets and liabilities.

Potential options for the future of the college

7. Commission Members are asked to give views on the following options for consideration in developing a future model of operation for the college:
 - 7.1 Closure. This would not appear to be a desirable or viable option in the current climate as the asset value of the College would be significantly under-valued.
 - 7.2 Development into a multi-agency College by merging with other national colleges such as the Emergency Planning College or the Police College.
 - 7.3 Reduce the College training footprint to a minimum; however, the College owns some unique assets such as the Urban Search and Rescue rig and the scale of its incident ground cannot be matched by any competitor in the UK.
 - 7.4 Expand the International and business community training and create a trading arm for FRAs.
 - 7.5 Develop a fully sector-owned model with buy-in from FRAs which would reduce competition for services, achieve efficiencies and allow integration with other national functions. This would require debt and liabilities to be resolved.
 - 7.6 Establish the College as a sector-led joint venture in partnership with the Private Sector.
 - 7.7 Making better use of the College's facilities for multi-agency and emergency planning exercises and training other parts of the local government sector in business continuity and community resilience planning.
8. **Members are asked for views on the above issues and options to inform the LGA's proposals for the future of the College, which will be taken forward as part of our negotiations with CLG on National Functions.**

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Update on current issues for Fire and Rescue Authorities

Purpose of report

For information / noting.

Summary

This paper gives an update on recent developments in priority areas of the Fire Management Services Committee's work.

Recommendation

Commission Members are asked to note the report.

Action

LG Group officers to progress actions as appropriate.

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Update on current issues for Fire and Rescue Authorities

LG Group Annual Fire Conference

1. The LG Group's two-day annual Fire Conference is taking place in Gateshead on 7 - 8 March. A full copy of the programme is attached at **Appendix A**. As agreed at the last meeting of the Commission, the programme will include sessions on the implications of the spending cuts on Fire and Rescue Authorities. It will also focus on radical approaches to delivery that could help reduce spending; a localist approach to delivering national functions; working with the voluntary sector and looking at how technology can assist in managing the risk of fire. The conference will hear from a range of UK and international speakers, including the Fire Minister, Bob Neill MP; CFO Peter Holland, President, Chief Fire Officer's Association; and Matt Wrack, General Secretary, Fire Brigades Union. We hope to ensure full representation at the conference and Members are requested to encourage their authority to ensure they are registered to attend.

Capitalisation flexibility

2. As part of our response to the Local Government Finance Settlement, the LG Group has made representations to CLG and the Treasury to argue that local authorities and fire authorities should be able to capitalise redundancy costs fully. The £200m allocation is less than 0.1% of the local authority asset base. Greater flexibility on capitalisation would allow councils to maximise their spending on frontline services and plan efficiency savings, rather than emergency cuts. Guidance on application for capitalisation is expected by the end of February. We would welcome evidence from Fire and Rescue Authorities on the need for capitalisation to support our lobbying on this issue.

National Functions

3. The LGA and CFOA met with the Fire Minister, Bob Neill MP, on 18 January to present the sector's proposals for how key activities, currently undertaken by central government, can be better delivered collectively by the sector. The proposals were well received by the Minister who has asked his officials to work with us to develop them in more detail. The extent to which some of them can be taken forward are subject to negotiations with CLG on funding and liabilities.
4. In summary, the proposals are:
 - 4.1 National Procurement – In light of the abolition of Firebuy and the Minister's request for expressions of interest to assume some of its functions, the LG Group and CFOA propose to take on a central role,

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potentially working collaboratively with a lead authority or authorities, in coordinating procurement and liaising between FRSs and in dissemination of good practice and innovation to ensure the fire service can benefit from large scale contracts.

- 4.2 Tackling underperformance – The CFOA and the LG Group’s offer is to develop a sector-led framework for self- assessment as a more effective means of tackling underperformance than that provided by the Audit Commission and CAA. This will involve tools for self assessment and bench-marking, dissemination of good practice, and brokering support where it is required.
- 4.3 National Resilience Assurance – CFOA and the LG Group will provide the governance arrangements to support assurance of the delivery of capabilities under New Dimensions.
- 4.4 Operational Guidance – Operational guidance should be based on identified operational risks. It should also be proportionate and responsive to local needs whilst continuing to support national interoperability. It is therefore right that the sector plays a central role in producing the guidance. However, there are a number of issues around risk, liability and accountability as well as resources that need to be addressed prior to the sector receiving the transfer of this function.
- 4.5 IRMP Guidance – CFOA will continue to lead and coordinate work on good practice and driving innovation on integrated risk management planning.
- 4.6 Workforce development – The CFOA and LG Group proposal is for an overarching workforce development framework that is sector led and balances a consistent approach to workforce development with the need for local flexibility. This will involve reviewing existing programmes and initiatives to remove prescription and duplication whilst maintaining support for leadership and development of staff and credible and recognisable standards in the sector.
- 4.7 National Campaigns – CFOA and the LG Group would provide advice to Government to ensure national safety campaigns are effective and encourage individual FRAs to support such activities locally. This will avoid duplication of effort and maximum impact in communicating key safety messages.
- 4.8 Research and statistics – CFOA and the LG Group propose that responsibility and funding for national research should be transferred from CLG to the sector to ensure more effective and coherent coordination of research. CFOA and the LGA Group would provide governance and

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management arrangements to facilitate input from the sector to ensure research is closely tailored to the sectors' needs.

- 4.9 European Union – CFOA and the LG Group will work together to influence EU legislation, provide information on EU funding to ensure FRAs can identify potential funding opportunities and share intelligence on other EU issues affecting FRAs.
- 4.10 Equality & Diversity – Ultimately, CFOA and the LG Group believe that equality and diversity work should be mainstreamed and part of the way we do every day business. However, to ensure that progress recently achieved is not lost, the sector supports the dissemination of best practice and improvement using existing tools and networks.

Self regulation and improvement for Fire and Rescue Services

5. Officers from LGA, Local Government Improvement and Development and LG Research have been working with CFOA to develop the LG Group self regulation and improvement offer in relation to Fire Authorities and to build on this core offer to ensure that the model exploits the improvement expertise and innovation adopted by individual FRs for the benefit of all.

General Power of Competence

6. Following the publication of the Localism Bill, LGA officers have been engaging with FRAs on the Bill's proposals to grant general powers to Fire and Rescue Authorities to ensure that the powers will enable the sector to develop innovative approaches to service delivery and generate new income streams. The sector is broadly happy with the Bill's proposals, however we have raised a number of detailed concerns on the flexibilities afforded to FRAs which are being considered by CLG officials.

Future of Control Services

7. Members of the Fire Services Management Committee met with Chairs and Chief Fire Officers from a wide range of Fire and Rescue Services on 24 January to discuss the Government's recent decision to cancel FiReControl. The seminar focussed on what Fire and Rescue Services were doing in the short-term to ensure that resilience capacity is in place, and on the role that the LG Group can play in sharing best practice at the local level in designing cost-effective and comprehensive resilience solutions for the first term. A further meeting to discuss progress will take place at the LG Group's Annual Fire Conference.

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Flexibility to apply enhanced redundancy terms to NJC for LAFRS employees

8. Members will be aware of the survey conducted by the National Employers to ascertain whether or not authorities would like us to explore the possibility of putting in place an express statutory right, which would allow fire authorities the flexibility to apply enhanced redundancy terms (over and above the statutory requirements) should an authority wish to do so as is the case with local authority staff and fire control staff (who are eligible to join the Local Government Pension Scheme). At present, authorities do not have this flexibility for e.g. firefighters. Further detail on the background was contained in the survey. The overwhelming majority of authorities who responded within the indicated timescale have indicated that this is something they would be interested in and the National Employers will therefore explore this further as part of its short term priorities. Late responses will still be accepted.

Future priorities

9. The National Employers constantly review priorities in the context of what meets the needs of fire authorities and the best strategy for achievement of those priorities. Across the public sector, employers are looking at the whole employment package and the fire service is no exception. The exceptionally difficult current circumstances for authorities will be of paramount importance in those considerations and how to take matters forward.

LG Group annual fire conference and exhibition: the future of fire

Tuesday 8 – Wednesday 9 March 2011, Hilton Newcastle Gateshead Hotel

Appendix A

Conference Programme

Day One – Tuesday 8 March

09.30–10.30	Registration, refreshments and exhibition viewing
10.30–10.45	Conference opening Cllr Brian Coleman AM , Chairman, LG Group Fire Services Management Committee His Worshipful the Mayor of Gateshead Cllr Michael Hood
10.45–11.45	Session 1: Localism and spending cuts Chair: John Ransford , Chief Executive, LG Group CFO Peter Holland , President, Chief Fire Officers' Association Neil O'Connor , Director, Fire and Resilience, Communities and Local Government Matt Wrack , General Secretary, Fire Brigades Union There will be a question and answer session after each speaker.
11.45–12.10	Refreshments and exhibition viewing
12.10–13.00	Plenary 1: Radical approaches to delivery Chair: Cllr Paul Shannon , Deputy Chair, LG Group Fire Services Management Committee, Greater Manchester FRA and Association of Metropolitan FRAs Henrik B. Hansen , Fire Chief, Falck Cllr Mark Healey , Chairman, Devon and Somerset Fire and Rescue Service
13.00–13.15	Questions and discussion
13.15–14.15	Lunch and exhibition viewing
13.45–14.10	Fringe session: Optimising fire service delivery for the future Mike Vicary , Managing Director, ORH Ltd Paul Murray , Consultant, ORH Ltd
14.15–15.15	Workshop sessions These workshops will be repeated on day two. Places are allocated on a first-come, first-served basis according to room capacity. W1. Flexible staffing arrangements Chair: Cllr Kay Hammond , LG Group Fire Services Management Committee and Surrey Fire and Rescue Authority Ann Millington , Chief Executive, Kent Fire and Rescue Service W2. Improved sickness management CFO Iain Cox , Berkshire Fire and Rescue Service W3. Pay restraint and recruitment freezes James Dalgleish , London Fire and Emergency Planning Authority W4. Shared services/back office functions Marcus Coulson , Improvement Manager, Local Government Improvement and

	<p>Development Caroline Bosdet, Senior Improvement Manager, Local Government Improvement and Development</p> <p>W5. Improved procurement Sharon Matthews, Merseyside Fire and Rescue Service</p> <p>W6. Sharing Chief Officers and other senior staff Speakers to be confirmed</p> <p>W7. London's preparation for 2012 Ron Dobson, Commissioner, London Fire and Emergency Planning Authority</p>
15.15–15.45	Refreshments and exhibition viewing
15.45–16.05	<p>Plenary 2: National functions Chair: Cllr Fred Walker, LG Group Fire Services Management Committee and Greater Manchester FRA CFO Lee Howell, Vice President, CFOA and Devon and Somerset Fire and Rescue Service</p>
16.05–16.15	Questions and discussion
16.15–16.45	<p>Plenary 3: Has health and safety legislation gone too far in the fire service? Chair: Cllr Brian Coleman AM, Chairman, LG Group Fire Services Management Committee</p>
16.45	Close of Day One by Conference Chair
17.00–17.45	<p>Political group meetings Conservative Group Labour Group Liberal Democrats Independent Group</p>
18.00–19.00	<p>Fire Authorities meetings Metropolitan Fire Authorities Combined Fire and Rescue Authorities County Fire Authorities</p>
19.30	Drinks reception
20.00	<p>Conference dinner Opening speech: Cllr Thomas Wright, Chairman, Tyne and Wear Fire and Rescue Authority Response: Cllr Brian Coleman AM, Chairman, LG Group Fire Services Management Committee</p>
Day Two – Wednesday 9 March	
08.30–09.30	Chairs and Chiefs morning meeting on FiReControl
09.00–09.40	Registration, refreshments and exhibition viewing
09.40–09.45	<p>Welcome back from conference chair Cllr Brian Coleman AM, Chairman, LG Group Fire Services Management Committee</p>
09.45–10.15	<p>Plenary 4 Chair: Cllr Brian Coleman AM, Chairman, LG Group Fire Services Management Committee Bob Neill MP, Parliamentary Under Secretary of State, Communities and Local Government</p>

10.15–10.25	Questions and discussion
10.30–11.30	<p>Workshop sessions</p> <p>A repeat of Day One. Places are allocated on a first-come, first-served basis according to room capacity.</p> <p>W1. Flexible staffing arrangements W2. Improved sickness management W3. Pay restraint and recruitment freezes W4. Shared services/back office functions W5. Improved procurement W6. Sharing Chief Officers and other senior staff W7. London’s preparation for 2012</p>
11.30–12.00	Refreshments and exhibition viewing
12.00–12.30	<p>Panel discussion: Fire and rescue and the voluntary sector</p> <p>Chair: Cllr Fred Walker, Vice Chair, LG Group Fire Services Management Committee and Greater Manchester FRA CFO Vij Randeniya, West Midlands Fire Service Jean Templeton, Chief Executive, St Basils</p>
12.30–12.50	<p>Plenary 5: Understanding people profiles: managing risks to reduce fire deaths</p> <p>Chair: Cllr Christopher Newbury, LG Group Fire Services Management Committee and Wiltshire FRA Andy Ward, Community Safety and Law Enforcement Lead, Experian Public Sector Jo Munton, Central Account Manager, Law Enforcement and Community Safety, Experian Public Sector</p>
12.50–13.00	Questions and discussion
13.00	Close of conference by Cllr Brian Coleman AM , lunch and exhibition viewing

Note of decisions taken and actions required

Title:	Fire Commission
Date and time:	Friday 10 December 2010, 11.00
Venue:	Bevin Hall, Local Government House

Item	Decisions and actions	Action by
1	<p>Address from the Fire Minister – the future for local fire services</p> <p>The Commission received a presentation from Bob Neill MP, Parliamentary Under Secretary of State, Communities and Local Government.</p> <p>The Minister outlined the impact of the Comprehensive Spending Review on Fire and Rescue Authorities, noting that FRA spending cuts had been back-loaded. This was designed to give FRAs the necessary time to develop innovative and creative ways of maintaining services and the Minister said that one of the central aims of the Fire Futures project was to establish a greater range of tools for FRAs to drive service improvement.</p> <p>The Minister said that the Localism Bill would be presented to Parliament shortly after the Commission meeting. The Minister said that the Bill would contain a provision for a Power of General Competence for Local Authorities, and that provisions within the Bill would grant Fire and Rescue Authorities wide ranging powers.</p> <p>The Minister said that a decision would be taken shortly on the future of the FiReControl project. The Minister said that both he and his Department wanted the best outcome for Fire and Rescue Services from the project.</p> <p>The following points were raised by Members:</p> <ul style="list-style-type: none"> On FireControl, Members said that there was, in certain areas, a growing desire to explore and progress contingency options. Members said that Government would need to provide support to FRAs if FiReControl were not to 	

be pursued.

- On funding, Members asked why the Government was not continuing certain PFI investment, which had delivered both employment and in promoting the localism agenda. The Minister said that decisions on funding for each PFI scheme would be taken on an individual basis and invited those FRAs concerned to meet with him to make representations.
- Members expressed concern that a number of Fire Authorities had been disproportionately affected by the distribution of Formula Grant. The Minister said that it was difficult to depart too far from the current local government finance formula, but that the formula had taken account of deprivation and that it would be revisited in the forthcoming Local Government Resource Review.
- Members asked whether the Government would act on proposals for allowances for elected members on Metropolitan FRAs and CFAs to become pensionable. The Minister said that CLG officials would examine this point.

Members thanked the Minister for attending the Commission.

2 Meeting the spending cut challenge – delivering services, delivering savings

Officers introduced the report and asked Commission Members for their proposals on means of reducing spending within the Fire and Rescue Service.

Members said that, despite the Minister's statement that funding cuts were back-loaded, savings would need to be identified and realised immediately in those areas facing significant cuts in the first year. Members also expressed concern that many FRAs had already begun work on delivering savings and that it would be difficult to identify further efficiencies.

In addition, as the settlement for the third and fourth years of the spending review was not known, Members said that it was impossible to plan for cuts that would need to be delivered. Officers said that CLG's reason for not announcing the settlement for the second half of the spending review was that this would be dependent on the outcomes of the Local Government Resource Review, and that the LGA had continued

to emphasise the need for clarity.

Peter Holland, CFOA President, noted that CFOA had good practice on delivering savings available for Fire and Rescue Authorities available via their website.

Decision

Members agreed that LG Group should produce examples of how FRAs have delivered efficiencies in time for the LG Group Annual Fire Conference in March 2011.

Action

Officers to work on collating best practice amongst Fire and Rescue Authorities in realising savings.

**LG Group
officers**

3 The Fire Industry Association

The Commission received a presentation from Graham Ellicott, Chief Executive, Fire Industry Association (FIA) on the problem of false alarms from Fire Detection and Alarm Systems. The presentation also covered the Association's view on charging and trading by Fire and Rescue Services.

Copies of the presentation are available via the LGA website:
<http://www.lga.gov.uk/lga/core/page.do?pagelId=15448891>

Members said that, with greater budget constraints, increased charging and trading by Fire and Rescue Services was a positive means of generating additional revenue. Graham responded that the FIA position was that Fire and Rescue Services should be able to trade provided that such trading did not unfairly distort the market. LG Group officers said that the Group had lobbied for FRAs to gain a General Power of Competence, and that such a power would enable FRAs to have greater innovation and flexibility in how to deliver on savings.

Members said that there was a need for consistency on the use and application of Automatic Fire Alarms.

Members expressed concern that, in a climate of economic austerity, the safeguards in place on fire alarms could be compromised through either poor maintenance or less stringent

inspection standards. Graham agreed that inspection was a high priority issue and that the FIA would welcome a joint approach in ensuring business owners complied with risk registers.

Members thanked Graham for his presentation and for raising a number of important issues to the sector.

4 Report from the Fire Services Management Committee

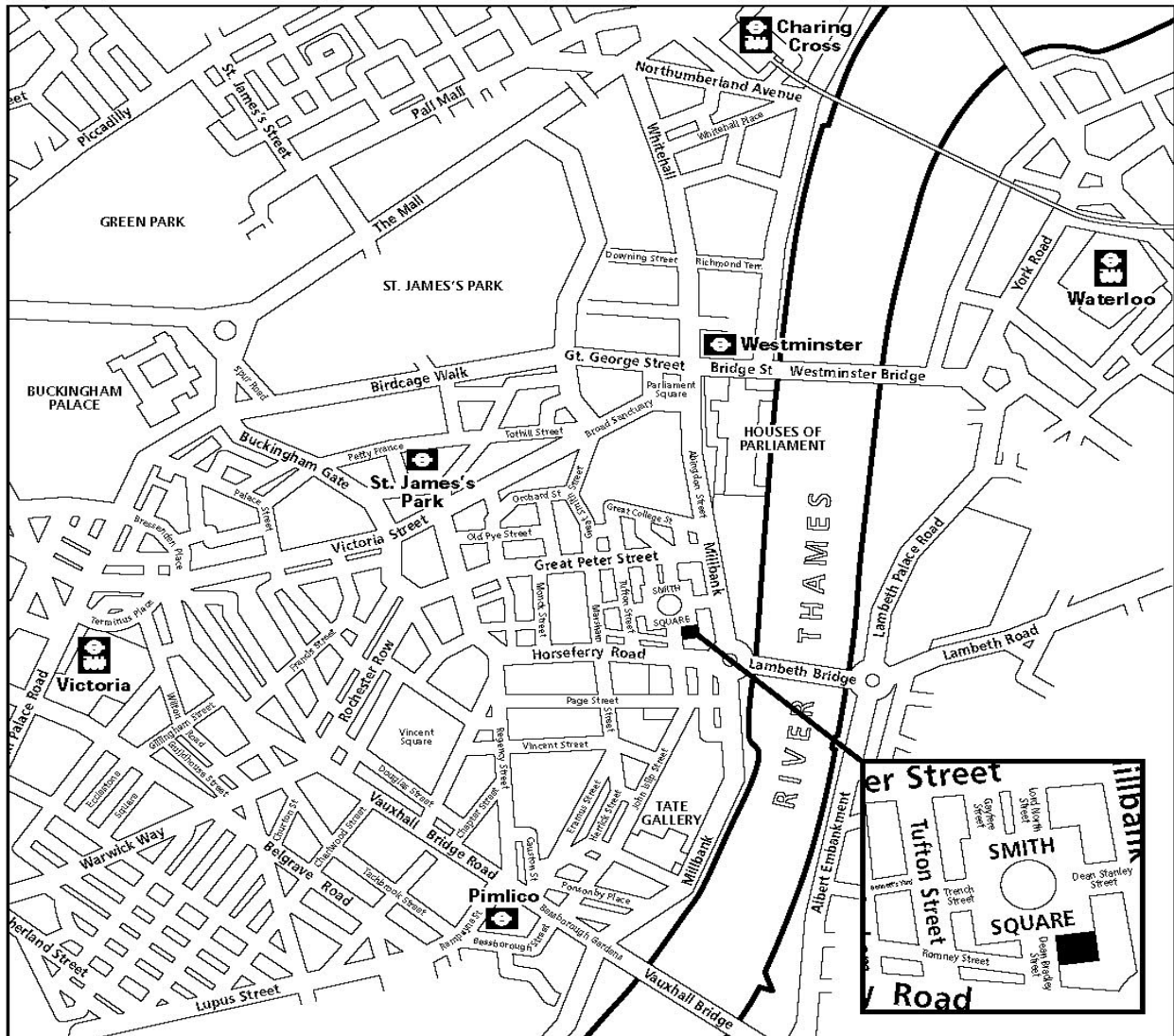
The report was noted.

5 Note of the last meeting

The note of the last meeting held on 24 September 2010 was agreed as a correct record.

Date of next meeting: 11.00, Friday 11 February 2011

LGA Location Map



Local Government Association

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Local Government House is well served by public transport. The nearest mainline stations are; **Victoria** and **Waterloo**; the local underground stations are **St James's Park** (District and Circle Lines); **Westminster** (District, Circle and Jubilee Lines); and **Pimlico** (Victoria Line), all about 10 minutes walk away. Buses **3** and **87** travel along **Millbank**, and the **507** between Victoria and Waterloo goes close by at the end of **Dean Bradley Street**.

Bus routes - Millbank

87 Wandsworth - Aldwych **N87**
3 Crystal Palace - Brixton - Oxford Circus

Bus routes - Horseferry Road

507 Waterloo - Victoria
C10 Elephant and Castle - Pimlico - Victoria
88 Camden Town - Whitehall - Westminster-
 Pimlico - Clapham Common

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