

17 November 2011

Item 7

FSMC Update

Purpose of report

For information.

Summary

The report outlines issues of interest to the Committee not covered under the other items on the agenda.

Recommendation

Members to note the update

Action

Officers to progress as appropriate.

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FSMC update paper

FiReControl

- 1 The deadline for business case submissions for grant allocations to DCLG closed on 4 November.
- 2 The assessment process of a total of 25 bids has just begun. 11 of the bids are from consortia of two or more FRAs and 14 single FRA applications. One of the joint bids was for the interoperability grant from a consortium of 13 FRAs. We will update FSMC on further developments as we receive more information.

FRS response to M5 Road Traffic Accident

- 3 As Members will be aware, on 4 November a major road accident involving 37 vehicles occurred near junction 25 of the M5 resulting in 7 fatalities and injuries to 51 people. Devon and Somerset Fire and Rescue Service (DSFRS) attended the scene to deal with the tragic aftermath. Firefighters worked tirelessly to carry out rescues and stabilise the affected area.
- 4 Relief crews worked over 12 hours firefighting and on Saturday 5 November the DSFRS special operations and urban search and rescue team, who form part of the country's national resilience team, attended to assist the police in the removal of victims and vehicles. During the rescue mission, firefighters were firefighting and rescuing simultaneously in hazardous circumstances, supported by up to 21 pumping and support appliances drawn from DSFRS and neighbouring Avon FRS. The press reported the actions of emergency service workers as "acts of bravery," employing all their skills and resources to work to save lives under threatening conditions.

LGA responding to government consultations

- 5 In October the FSMC responded to the following DCLG consultations directly relating to or affecting Fire and Rescue Authorities and Services. To read the full text of the responses (attached as **Appendices A, B & C**), click on to each of the bullet points below:

[Retained Business Rates](#)

[Fire capital grant allocations](#) (jointly with CFOA)

[Firefighter pensions](#)

- 6 We have also met with DCLG to discuss the Fire Service College. The National Framework consultation has not yet been published, although

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we expect this to be in December and the LGA will respond to this with FSMC.

Consultation on technical reforms of council tax

- 7 On 31 October, DCLG launched its consultation on the technical reforms of council tax. The paper discusses proposals on the council tax liabilities of second home owners and owners of empty properties. The theme supports the government's wider intention for decentralisation and handing back greater financial autonomy to local authorities. This consultation is part of the Local Government Resources Review and concerns FRAs as precepting authorities.
- 8 If FRAs wish to respond they can do so before 29 December 2011 referring to the document which can be found here:
<http://www.communities.gov.uk/publications/localgovernment/technicalreformcounciltax>

Localism Bill: Charging for AFAs

- 9 We were very disappointed when we heard shortly before the Third Reading of the Localism Bill, that the Government had decided not to pursue the amendment we had been expecting. After months of work, including letters and conversations about how to bring the clause more in line with the Minister's stated aim of allowing the fire service to have the power to recoup costs from people who fail to maintain their equipment, this was really unwelcome news. Letting us know at such a late stage dramatically reduced our chances of tabling a successful amendment. Nevertheless Baroness Eaton (former LGA Chairman, current LGA Vice-President) did table the amendment seeking to clarify the wording of Clause 10.
- 10 Baroness Eaton highlighted the sector support for the amendment, citing the LGA, the Chief Fire Officers Association, London Fire Brigade, the Fire Industry Association, the British Security Industry Association and FRSs across the country. The amendment was supported by Baroness Smith of Basildon (Lab, LGA Vice-President) from the opposition benches. In response, the Parliamentary Under-Secretary of State for Communities and Local Government (Baroness Hanham) argued that the wording of the amendment would introduce legal ambiguity into the clause, and it would not be accepted. As such Baroness Eaton withdrew the amendment. However the LGA will be working with those partner organisations involved to continue to press Government for action and clarity on this issue.

Sprinklers

- 11 The Building Regulations (Review) Bill, a private members' bill by Lord Harrison which Members of the Fire Commission have strongly supported advocated the installation of sprinklers in new builds.
- 12 The bill was due for second reading on 21 October; however, it was listed as 20th on the agenda out of 28 and was not debated. Interestingly, the Fire Safety (Protection of Tenants) Bill was number 10 on the same day which "required landlords to provide smoke alarms in rented accommodation...and for connected purposes". This also did not get debated.
- 13 On 3 November, an Early Day Motion on "Sprinkler Systems in Domestic Properties" was tabled by Alun Michael, MP, who is the House of Commons sponsor behind the bill. You can access the text of the EDM and signatories here: <http://www.parliament.uk/edm/2010-12/2379>.
- 14 There is also an e-petition in circulation, which is already supported by CFOA. <http://epetitions.direct.gov.uk/petitions/4409>.

Fire Conference March 2012: Resilience – protecting people and places

- 15 We are currently in the process of finalising the annual Fire Conference programme. Many Members have agreed to chair workshops and we have secured some strong speakers.
- 16 Plenary sessions and workshops include:
 - 16.1 What does local and national resilience mean?
 - 16.2 Environmental challenges
 - 16.3 Industrial relations
 - 16.4 Civil disturbances: contribution of the FRS to Prevention
 - 16.5 Preparedness for the Olympic and Paralympic Games 2012
 - 16.6 Resilience training across the emergency services
 - 16.7 National framework
 - 16.8 Peer support
- 17 There will also be an opportunity for the different types of FRAs to hold their own meetings and we will be hosting a Conference dinner as part of the event.
- 18 We have now taken over fifty bookings for the conference. Please go to http://www.local.gov.uk/web/10161/events/-/journal_content/56/10161/16924/EVENT-TEMPLATE for more information on bookings, sponsorship, accommodation arrangements and venue details.

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- 19 The FSMC will meet from 4-6pm on Monday 20 March at the Conference venue. Details will be provided nearer the time.

All-party group parliamentary seminar – 6 February 2012

- 20 The Parliamentary All-Party Fire Safety and Rescue Group is holding a Parliamentary Fire Sprinkler Seminar in the Houses of Parliament on 6 February 2012. The event is expected to attract over a hundred delegates and will look into the evidence of sprinklers saving lives and money.
- 21 The Group have asked for a Member speaker to present the LGA's view on automatic fire sprinklers. The seminar will be followed by a reception at the House of Lords and would be a good opportunity for a member of FSMC to represent the Committee and LGA to present our case on why sprinklers should be installed in all future new builds.
- 22 If any member of FSMC is available to attend on 6 February please contact Meenara Islam (meenara.islam@local.gov.uk). A briefing and speaking notes will be provided.

Appendix A: Retained Business Rates



Mr Bob Neill MP
Parliamentary Under Secretary of State
Communities and Local Government
Eland House
Bressenden Place
LONDON SW1E 5DU

25th October 2011

Dear Minister,

Thank you for the opportunity to engage in the consultation on a Retained Business Rates Scheme. This letter is the submission to the consultation from the LGA's cross-party Fire Services Management Committee (FSMC).

The consultation papers raise a very wide range of detailed issues which will affect individual fire authorities in very different ways. The focus of this response is on the underlying principles considered to be of the greatest importance for all fire authorities.

Set-aside

FSMC is concerned at the government's current proposals to retain part of the income from business rates, at least up to 2014-15. The proposals are doubly disadvantageous to local government. Firstly they allow the Treasury, rather than the sector, the benefit of a major slice of business rates revenue. Secondly they give the government the benefit of extra yield attributable to higher than forecast inflation, without any recompense for local authorities which now face funding cuts that are, in consequence, larger in real terms than the 28% figure set out in the Spending Review.

As they stand, the set aside proposals potentially compromise the primary purpose of the re-localisation of business rates, which is to incentivise local authorities to develop their local economies. In addition, whatever the medium and long-term benefits might be for fire authorities, the set-aside proposals reduce the short term incentives to join the scheme.

We ask the government to reconsider the level of proposed set aside in the first two years and that the government give clear assurances that, beyond the current spending review period, there will be no "set-aside" and that authorities will have unrestricted use of the full business rates yield.

Fairness

FSMC, in line with the LGA, is concerned to ensure that the proposals are fair; this indeed is also the stated position of government. In particular fire authorities want to know that they will be no worse off as a result of entering the Retained Business Rate Scheme.

The government has not made any detailed statements about the level of protection that would be delivered through the 'safety net' arrangements, or fully exemplified its likely approach to the use of the levy to fund areas in need of support. All authorities, including, fire authorities have faced difficulties in understanding whether the proposed arrangements are likely to meet their needs. Legitimate concerns have, for example, been expressed about whether, over time, the system would produce results that benefitted authorities with stronger local economies at the expense of authorities entering the system from a position of historic low growth and high levels of need.

The government must provide more detailed options for business rates retention that can be properly exemplified at individual fire authority level for the purposes of more detailed consultation on the scheme design.

Risk

Entry into the Retained Business Rate Scheme will bring exposure to the variability in business rate income which can be significant. Currently the risk of business rate income being lower than expected is borne by the government. Under the proposed scheme design this risk is potentially transferred to the local government sector.

The government must provide assurances that risk management issues will be the subject of much more in-depth analysis and consultation, and that the government will transition the full risk of the scheme to the sector gradually if that appears desirable

Incentives

FSMC is concerned that the scheme design creates an incentive that operates in a completely different way for 'tariff' authorities than for 'top-up' authorities. The proposed arrangements have an inbuilt gearing effect that means that, in terms of the level of increased resources available for each percentage point of growth in business rates yield, 'tariff' authorities have more to gain – in some cases considerably more – than top-up authorities. The proposed 'levy' arrangements deal with this issue in part, in particular the option for a 'proportional' levy – although that option leaves substantial downside risk in place for high 'tariff' authorities.

The government should consider alternative options such as that proposed by the LGA. This envisages that if an authority grows its business rates by x per cent in real terms, then it should receive a real terms increase of the same x per cent in its resources and that authorities whose business rates decline in real terms then share the remaining business rates.

National resilience and national infrastructure

As well as carrying out their duties in respect of their local responsibilities, fire authorities have a key role in national resilience. There is an expectation that in the future fire authorities will take on a greater role in the direct planning and delivery of the national resilience capability. Transparency in funding will be crucial to fire authorities as the transfer of responsibilities takes place.

The government must ensure that there is a mechanism within the scheme to ensure that any new responsibilities associated with national resilience are properly funded and that funding for national infrastructure is taken into account.

The impact on low growth high demand areas

Areas that have low growth and therefore low or no increases in business rates are also those associated with high levels of deprivation. The factors that determine deprivation are also factors that are associated with high levels of demand for fire authorities.

The government must provide assurances that in future years the Retained Business Rates Scheme will be responsive to the needs of fire authorities in low growth areas as well as providing business rate uplift to fire authorities in areas experiencing higher growth, including in years 2013-14 and 2014-15.

Risk assessment as a basis for service planning

Fire authorities plan their services on a risk basis rather than a demand basis. This should not be an issue at the outset of the Retained Business Rates Scheme, because current funding levels will be used as a baseline. However, fire authorities will want any reset process in the Retained Business Rates Scheme to be sensitive to changes in risk levels. A further risk management issue arises because of the possibility that, as the scheme develops, authorities' resources from business rates and council tax might diverge sharply from underlying levels of need for funding to provide services.

The government should maintain the capacity and evidence base for the assessment of needs, and any decision to invoke a reset of the system should be capable of being triggered by the local government sector on the basis of evidence.

The Fire Services Management Committee would be happy to engage further on any aspects of this submission.

Councillor Brian Coleman, AM FRSA

Chairman, LGA Fire Services Management Committee and Fire Services Commission



CFOA
Chief Fire Officers
Association



Appendix B: Fire Capital Grant Allocations

DCLG Consultation: Distribution of Fire Capital Grant

A joint Local Government Association and Chief Fire Officers Association response 21 October 2011

As the national representative and professional bodies respectively for all 46 Fire and Rescue Authorities, the Local Government Association (LGA) and the Chief Fire Officers Association (CFOA) welcome the opportunity to respond to CLG's Distribution of Fire Capital Grant consultation.

We welcome the increase in capital funding secured for the fire sector as part of the Spending Review 2011-15 and are supportive of the allocation of capital grant funding to Fire and Rescue Services (FRSs). However, we have some fundamental concerns about the proposed methodology as set out in the document. These have been previously registered and it is disappointing that these have only been accepted in part in this document.

Our overarching position is that bidding is unnecessarily cumbersome; it does not produce the right outcomes and at this moment it will be time consuming for already stretched FRSs. We therefore remain of the view that this funding should be allocated according to the capital grant allocation formula used for the 2011-12 distribution.

This approach will, in our view:

- allow FRAs to plan ahead for the next three years, at the earliest opportunity, without the threat of uncertainty over the proportion of the funding (especially if the option of a yearly bidding process/allocation is pursued). Allocation through the current formula would also allow FRAs to include the capital grant allocation in their medium term financial plans;
- allow FRAs to decide spending based on the IRMPs they have developed over many years in consultation with local communities, stakeholders and staff and their representatives;
- mitigate any further burdens on FRA resources allowing them to continue delivering first class frontline services to their communities, rather than divert resources into writing bids;
- demonstrate that FRAs are trusted to allocate resources according to local risk as required in their IRMP;
- demonstrate DCLG's commitment to localism.

We support the Minister's intent to encourage and assist FRAs further with driving efficiencies locally but we would not advocate a bidding process to achieve this aim. We would also like to note that FRSs continue to actively pursue the seven key efficiency challenges set out by the Minister in his letter in October 2010 accompanying the October 2010 Spending Review announcement. Capital funding helps to deliver some of these efficiencies but the majority depend upon business process improvements, negotiated changes to terms and conditions and invest to save schemes which require revenue resources rather than capital.

We are conscious that the Fire Directorate is working on a number of different funding streams. Although the Department embraces localism, it is difficult to see how this plays out in practice if every funding stream merits 'exceptional' treatment in terms of central controls being placed on funding. FRAs are experienced in seeking and delivering resource savings, as evidenced by Audit Commission studies. They can be trusted to continue doing this through this SR period, without the need to provide DCLG with benefit cost ratios.

Consultation questions and our responses

Do you have a view about the proportion of funding that ought to be available for distribution versus the proportion of funding that ought to be available to bid against?

We are keen to see a proposal that does not include a bidding process and continues to allocate the **whole** funding amount according to the current formula, as has been the case since the inception of the grant. Allocation of a fixed sum to every authority with the balance distributed according to population is a well established method and will mean that the funding can be distributed in a timely way. Splitting the fund between an efficiency fund administered as a bidding process and a pro-rata distribution using the current distribution method is unnecessarily complicated, will inevitably lead to confusion in the sector about what is required, and waste time and money on submitting paperwork to DCLG.

We acknowledge the Minister's commitment in the consultation paper to make sure that the "process is transparent, robust and fair". However, it is worth noting that most of Whitehall has now moved away from bidding processes as they are widely accepted as unfair and not transparent. Rather than testing genuine business cases, it only tests ability to write bids and complete forms in a way that meets DCLG's requirements.

The consultation paper states that a six-week period will be allowed for submissions on a "short, generic form" with a spreadsheet on which to record projected costs and savings. This is a very quick turnaround time for FRSs and FRAs to work to, alongside other bidding processes which the DCLG Fire Directorate has proposed such as the FiReControl grant scheme.

The proposed timeline for announcing funding allocations following a bidding process falls after many authorities have agreed their budgets for the following year and, for most, after the 12 week consultation process for their IRMP's. This will mean that draft budget and IRMP consultations will have to take place with no certainty of capital grant provision

What are your views on our proposal for one bidding round?

We are opposed to a bidding process. However, if the Government is minded to pursue this, one round would provide certainty on capital for the whole three year period.

In terms of capacity, many services have taken steps already in light of the year one reductions in grant to cut the number of back office personnel. This means that the previous workload, particularly for finance, performance and other corporate staff, is now done by fewer people. At a time when corporate resources are already stretched, introducing a bidding programme for capital funding adds an unnecessary burden.

If there is one round, are you content that we should reserve the option for a second round if there are significant under allocations?

We are opposed to a bidding process. If there is any significant under allocation, we would anticipate this being because of the burdensome application process. Therefore repeating this is of no benefit. Any remaining funding should be distributed according to the current grant formula.

As an alternative to one bidding round, do you think a bidding round for each year would be better?

No. We do not support bidding. But if Government is minded to pursue this, one round is better than three rounds, for all the reasons stated above.

Do you think that these are the right criteria for assessing bids for Capital Grant Funding? If not, what would your proposals be?

Requiring bidding FRAs to project cost savings, benefits and costs on a ten year basis to score 'high' requires detailed costings which may not be available now. Although FRAs support forward planning for the long term, looking ahead 10 years is far from straightforward. As the assessment criteria states, it is difficult to predict the impact of social and environmental effects in the next ten years on capital.

The dual nature of the bidding process – application form and spreadsheet – reflects a complicated application system. Adding the consideration by DCLG's Advisory Panel requiring a possible presentation is not proportionate to the funding an individual FRA will receive.

The consultation suggests that the Chief Fire and Rescue Adviser will undertake a technical assessment of the application to quality check information and deliverability of the bids. Whilst the operational knowledge of the staff employed in the CFRA Unit is not in question, we seek clarification on the extent to which

this assessment can provide technical assurance of capital investments other than those linked to operational delivery, for example, IT systems.

Do you agree with the approach on accountability and monitoring?

FRSs and FRAs already have their own mechanisms in place to ensure proper audit, value for money and cost savings. Requiring them to detail in their applications how they would demonstrate the extent to which they have achieved efficiency gains over the next ten years is disproportionate. FRAs already do this kind of monitoring and asking them to provide evidence on other ways to demonstrate efficiency gains is burdensome. Although the document suggests this will be light touch monitoring, given the volume of data required for the application, and the intention to undertake research, our judgement is that this will be a further burden on FRAs.

How do you think best practice could be shared with the rest of the fire and rescue service?

We support the government's intention to disseminate good practice and we would be happy to discuss practical ways in which the LGA and CFOA can assist here. We would, for example, be happy to host an event for FRAs to share good practice and innovative approaches.

Appendix C: Firefighter pensions



31 October 2011

Response to the consultation on amendments to the Firefighters' Pension Scheme (1992) and the New Firefighters' Pension Scheme (2006)

I am writing on behalf of the LGA's Fire Service Management Committee (FSMC), in response to the consultation on amendments to the Firefighters' Pension Scheme (1992) and the New Firefighters' Pension Scheme (2006).

Most of the proposed amendments in the consultation are those on which individual fire authorities will comment, or do not affect directly fire authorities.

However, FSMC have agreed that it is important for fire authorities collectively to make representation in respect of the proposed amendments to the Firefighters' Pension Scheme (1992) Rule B7: Commutation— general provision, which is set out in paragraphs 1.18 to 1.25 of the consultation document.

The proposed change would extend access to full commutation for staff who retire with less than 30 years' service. Currently staff with between 25 and 30 years service can only commute 12.5% of their pension into a lump sum. The proposed changes would increase this to 25%. The proposal would enable fire authorities to be given the discretion to introduce local schemes but with the cost to be borne by the fire authority and not the pension fund.

FSMC is concerned that the proposed amendment transfers costs properly borne within the pension scheme to individual fire authorities.

In addition, the costs to fire authorities associated with this change could be very high if applied to senior staff.

The stated objective of the change is to introduce a financial incentive for people to retire earlier with the expectation that this would potentially assist authorities in downsizing at a time when there is the potential for firefighter redundancies. However, another more appropriate route to enabling staff reductions to take place is through the introduction of the compensation regulations proposed elsewhere in the consultation document.

FSMC does not support the proposed change to Rule B7 of the Scheme.