

Appendix C

Background

The Local Government Association (LGA) is the national representative body for councils in England and Wales and exists to support, promote and improve local government. We represent the forty-six fire and rescue authorities in England who work together through the Fire Services Management Committee (FSMC).

Fire authorities provide a valuable service to the public. They protect people against the dangers of fire, support emergency planning for contingencies such as terrorism and flooding and help deliver fire prevention in their communities.

Fire authorities, along with the rest of the local authority sector, are currently facing **an unprecedented cut of 25%** in their formula grant funding in this spending period. Fire authorities also face potential **increased financial pressures** associated with future pension commitments and pay awards; and the threat of **further revenue insecurity** due to changes in the calculation of the funding provided through formula grant support and the Council Tax.

LGA key messages

1. Fire authorities provide the public with a valuable service which protects and saves lives. Any funding settlement should be fair and reflect how valued the service is by communities.
2. The track record of fire authorities in identifying efficiency savings is impressive. Nevertheless, fire authorities will struggle to make further cuts without impacting on front line services.
3. National resilience is a vital aspect of the work of the fire service. The Government should ensure that fire authorities are not left in the unfortunate position of having to fund national resilience gaps from their limited resources.
4. The Government needs to give fire authorities an indication of their 2013-14 and 2014-15 funding allocations as soon as possible in order that they can plan their budgets effectively.
5. The Government should bear any pension costs arising from retrospective access to the pension scheme by retained fire-fighters.

Efficiency savings

Fire authorities in England spend around **£2.6 billion per annum running their services**. The Government back loaded the funding reductions for fire authorities, which means that deeper cuts are expected in 2013-14 and 2014-15. The reduction in 2013-14 is expected to be 7.8% which equates to about **£197 million**.

To protect front line services, fire authorities are looking to implement a number of efficiency measures, such as saving:

- £14 million by improving sickness management.
- £32.1 million through flexible staffing arrangements.
- £50 million by sharing back office functions.
- £14 million by improving procurement.
- £6.9 million by sharing Chief Fire Officers and other senior staff.

This equates to **£117 million per annum** which is equivalent to **3,217 fire-fighters**.

Examples of efficiency measure being proactively implemented on the ground include Merseyside Fire and Rescue Service sharing a procurement service and a director with Lancashire. Similarly, Suffolk Fire and Rescue Service is saving in excess of £6 million by cancelling a PFI bid for a training centre and relocating to a military base.

Fire authorities, as a key part of the wider local government family, are proving themselves to be an efficient, accountable and trusted component of the public sector.

Despite implementing these efficiencies, it is likely that the fire sector will still need to plug a residual funding gap of **£80 million** in 2013-14. Should fire authorities be unable to find the £80 million needed this will inevitably impact on their ability to provide front line services.

Our estimates show that an **£80 million per annum funding gap equates to a loss of 2,200 fire-fighters or 80 fire stations**.

Fair funding for a safer future

The fire sector itself is diverse and is comprised of county authorities who are embedded in county local authorities and combined and metropolitan authorities which are stand alone. These different arrangements mean that changes in funding affect fire authorities in different ways. The sector as a whole is acting responsibly and implementing measures that cut operational costs whilst protecting vital front line services. In the context of a genuinely tough economic climate this track record of realising efficiencies is impressive.

Crucially, the future funding settlement needs to be a fair reflection on the important public service that is delivered by the nation's fire authorities. In practice this means:

- Ensuring that fire authorities are not left in the unenviable position of having to fund any **national resilience gaps** from their already limited funding.
- Working with fire authorities to **minimise the possible impacts of Council Tax benefit localisation**, especially where the changes will significantly reduce the funding available to the affected fire authority.
- Providing fire authorities with **adequate resources** to meet current demands

and expectations for emergency responses.

- **Ensuring that the Government** bears any pension costs arising from retrospective access to the pension scheme by retained fire-fighters
- Giving local authorities **full flexibility over the design of local council tax support schemes** so that they can manage the 10% cut to central government funding for this support without affecting those least able to pay, thereby minimising the risk that this change will lead to further funding shortfalls for fire authorities.

The next spending review could bring further reductions in public funding. Fire authorities will therefore need to consider what options are available for the further transformation of fire services and the organisations that deliver these services, including options for merger.

For further information on this briefing, please contact Lee Bruce, Public Affairs and Campaigns Adviser, on either e-mail: lee.bruce@local.gov.uk or telephone: 020 7664 3097.

Financial Implications

20. All work can be met from existing resources.