

WYFRS	Executive Committee	1st August 2011	ITEM No
--------------	---------------------	-----------------------------------	----------------

REPORT OF: Chief Fire Officer/Chief Executive

PURPOSE OF REPORT: To advise Members of the work carried out by the Association of Metropolitan Fire and Rescue Authorities (AMFRA) in support of a joint lobbying strategy in response to the Local Government Spending Review

RECOMMENDATIONS: Members support and endorse the submission document and supporting material and give agreement to the associated timelines and structure of the lobbying strategy as detailed in section 9 of this covering report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT DETAILS

EXEMPTION CATEGORY:

ACCESS CONTACT OFFICER: S Pilling – Chief Executive
G Maren – Chief Finance Officer

BACKGROUND PAPERS OPEN TO INSPECTION:

SUMMARY

The submission document attached to this covering report is a joint response from the six metropolitan fire and rescue authorities to present a business case and strategic argument for central government to review the consequences and impact of the on-going spending review on operational and business continuity.

1 Introduction

- 1.1 The Association of Metropolitan Fire and Rescue Authorities (AMFRA) has been discussing for some time now how it, by way of a united front and presentation of a compelling argument/case, can influence and persuade the Coalition government to review its approach to funding of fire and rescue services. This attempt is to prevent a repeat of the disproportionate outcome the Metropolitans faced following the first phase of settlement.

2 Background

- 2.1 There is no doubt that the six Authorities will have to make significant cuts in expenditure and deliver changes in service delivery over the next four years and beyond to cope with the stated 25% cut in fire service funding. West Yorkshire Members will recall that in anticipation of such cuts in funding, work started in September 2009 with the suspension of recruitment and the commencement of a fundamental review of service delivery and support infrastructure of the organisation.
- 2.2 West Yorkshire FRA has worked tremendously hard over many years to gain the reputation it holds as a high performing service and it is determined to continue to maintain those standards through what will undoubtedly be a most challenging period.
- 2.3 On 17th March, the Department for Communities and Local Government (CLG) announced a two-stage Local Government Resource Review. The first phase, expected to report in August 2011, is focusing on how the reform of business rates can remove the dependency of local authorities on central government funding. Phase two of the Review will focus on the role of 'Community Budgets' in the reform of local government finance.
- 2.4 Whilst the early indications from the Fire Minister was that there would be a fundamental review of the fire formula it is now clear that this is not the case and that fire funding will form part of the review of business rates.

3 Local Government Resource Review

- 3.1 Business rates were centralised during the 1980's when central government argued that some councils had pushed rates so high as to deter business investment. Decades later, the distribution of business rates has stayed in the Treasury, which collects them from councils and redistributes them according to a convoluted formula.
- 3.2 The Local Government Resource Review offers the prospect of business rates remaining largely where they are raised, with councils that attract businesses prospering accordingly. It is inevitable that this change will see a shift in spending power towards those areas principally in the South of England that will experience greater economic growth. Equally, it is likely that the areas generating the least growth will be those with the greatest deprivation and consequently demand for services. Whilst the government will introduce a damping mechanism it is likely to be linked to inflation not economic growth meaning that those authorities generating economic growth will benefit. The logic of the government's position is that those

places that can grow faster should be allowed to, so that the national economy grows.

- 3.3 The question AMFRA is asking is where does all this leave the fire and rescue service and most importantly the metropolitan services, which have experienced almost double the national average cut in central government funding over the first two years of settlement?
- 3.4 All in local government agree that it is crucial the Resource Review delivers a stable and progressive model of business rates that equalises funding and genuine needs at the local level, whilst also providing an economic incentive for all kinds of authority, including the fire and rescue service. Given the complexity of the local government landscape, the government's ambition to legislate for a new model from Autumn this year appears ambitious, therefore, if AMFRA is to make any impact on the mind-set and attitude of those with greatest influence on the future of the service it will need to push forward as soon as possible.

4 AMFRA Response

- 4.1 AMFRA's submission (see attached) outlines the strategic importance of the metropolitan services in providing national resilience as well as their role in protecting local communities and businesses from emergencies and fires, often in the most deprived areas of the country.
- 4.2 The document also spells out the substantial and damaging effects that further and deeper cuts in central government funding will have in years 3 and 4 of the settlement period. The metropolitans have received significant reductions in funding over the first two years, which come after the very same authorities delivered by far the majority of generic fire and rescue efficiencies over recent years.
- 4.3 If the draft submission receives agreement by all six authorities, a structure will be put in place to maximise the use of the document and the coordination of the associated lobbying activities.

5 Financial Implications

- 5.1 In common with other metropolitan authorities, West Yorkshire is heavily dependent upon Central Government Grant for its funding. In 2011/2012 this is £52.214m which accounts for almost 60% of our income. Included within the £52.214 is £39.886m of redistributed business rates, which demonstrates the Authority's reliance on business rates.
- 5.2 The government predicts that inflationary growth in business rates over the next three years will replace the need for revenue support grant meaning that local Authorities including Fire and Rescue Authorities will be funded by council tax and business rates alone in the future.
- 5.3 The Government's review of business rates is aimed at allowing local authorities to retain their own business rates income and consequently benefit from any future economic growth in their area. Government accept that there will be a need for some protection on introduction and plan to use a system of

'Tariff and Top Ups' to protect Authorities at the level of 2012/2013 income levels.

- 5.4 Whilst Fire and Rescue Authorities do not collect business rates it can be strongly argued that their work contributes to the economic prosperity of the area and it is vital that the impact on those Authorities forms part of the strategic review. Following a meeting of the Metropolitan Fire Authority Treasurers with CLG officials a fire representative is now on the working group.

6 Equality & Fairness Implications

- 6.1 The proposed funding cuts for West Yorkshire Fire and Rescue Service may have an adverse effect on our legal duty to provide an equitable service to the protected groups within our communities.
- 6.2 We have a sophisticated and effective methodology for identifying our 'at risk' communities; equality analysis is an integral part of this. However, recent judicial reviews have challenged organisations' decision-making processes based purely on budget cuts in the public sector.
- 6.3 The justification West Yorkshire Fire and Rescue Service will need to make for reducing services to some community members will be difficult to defend, when other FRS's continue to offer them.

7 Health & Safety Implications

- 7.1 There are no health and safety matters arising directly out of this report ie the lobbying strategy.

8 Conclusions

- 8.1 The metropolitan authorities are facing unprecedented pressures due to central government funding reductions that have not been applied, across the first two years of the funding period, in a fair and equitable manner. The metropolitans have faced double the amount of reduction in funding as the national average with a number of authorities actually receiving an increase in grant. The lobbying of central government is viewed as an essential means of halting, if not reversing that damaging trend.

9 Recommendations

- 9.1 The supporting document/business case and lobbying strategy is approved.
- 9.2 A standard covering letter, amended to suit local circumstances and preference accordingly, will be utilised for purposes of submission to various interested contacts (national and local) to maintain consistency by all six authorities:

Government Leaders –	PM & DPM
Number 10 Policy Team –	Director of Political Strategy (Andrew Cooper) Head of Policy & Development (Paul Kirby) Cabinet Office (Oliver Letwin/Francis Maude)
Treasury -	Chancellor (George Osborne)

CLG -	Chief Secretary (Danny Alexander) Secretary of State (Eric Pickles) Fire Minister (Bob Neill) Permanent Secretary (Sir Bob Kerslake) Director of Fire & Resilience (Neil O'Connor) Chief Fire Advisor (Sir Ken Knight)
Labour Party -	Leader (Ed Miliband) CLG Shadow (Caroline Flint)
West Yorkshire MPs -	All 22 Members of Parliament
WY District Leaders -	Leeds, Bradford, Wakefield, Calderdale

- 9.3 WYFRA will attempt to operate as close as is practicably possible to the suggested strategy timelines and structure.
- 9.4 A record of contacts to receive the document be maintained and any responses copied to Merseyside for purposes of AMFRA collation and feedback to the October meeting.
- 9.5 The Chairman of the Authority, Chief Fire Officer, and Chief Finance Officer be nominated as spokespersons for WYFRA and to attend follow-up, face to face briefings with individuals on the contact list and with the media.