CSR07 Funding for the Fire and Rescue Service

Issued by:
Peter Betts,
Head of Fire and Resilience Directorate

Addressed to: Please forward to:
The Chief Fire Officer
The Chief Executive of the County Council
The Clerk to the Fire and Rescue Authority
The Clerk to the Fire and Civil Defence Authority
The Clerk to the Combined Fire and Rescue Authority
The Commissioner of the London Fire and Emergency Planning Authority

Treasurers
Finance Directors

Summary
This circular announces the funding being made available from central government to the Fire and Rescue Service over the three years of the CSR07 together with related issues.

For further information, contact:

See list below.

See list below.

See list below.

See list below.

Website www.communities.gov.uk
1.0 Introduction
1.1 This circular announces the funding being made available from central Government to the Fire and Rescue Service (FRS) over the three years of the CSR07 together with other related issues.

2.0 CSR07
2.1 The Comprehensive Spending Review 2007 was a zero-based review, looking at what had been delivered to date and included a number of value for money reviews of specific areas. It established Government spending priorities and expected efficiencies and savings over the three years, 2008/09, 2009/10 and 2010/11. That process has now been completed and the results have been announced by ministers as part of the provisional local government settlement.

2.2 The CSR07 outcome for the Fire and Rescue Service reflects Government’s commitment to providing the funding to continue to modernise the Service and equip it with the capabilities needed to meet the challenges of the 21st century including the threat of terrorism and natural disasters. It represents a sustainable settlement for all Fire and Rescue Authorities (FRAs), allowing FRAs to build on progress from modernisation. The CSR process took account of all the pressures likely to face Fire and Rescue Authorities (FRAs) over the next three years.

3.0 Formula Grant
3.1 Most FRA funding is delivered through Formula Grant. This is unhypothecated so that FRAs can use the funding to best meet local needs. Annex A gives details of the provisional Formula Grant allocations being made to all stand-alone FRAs. Full details of the consultation and background information can be found at www.local.odpm.gov.uk/finance/0809/grant.htm. Please note that consultation closes on 8 January 2008. Responses should be sent to settlement.consult@odpm.gsi.gov.uk before 5.00pm.

3.2 For County FRAs, support is contained within the overall county allocation. In these instances it is up to the County Council how much is allocated to the FRA, subject to local priorities and local consultation. Following the consultation on the grant distribution formula, Ministers have decided not to make any specific changes to the formula for the FRS.

3.3 The average increase for single purpose FRAs will be 2.4%, 1.4% and 1.4% in each of the spending review years. In the light of this ministers are proposing to set floors at 1%, 0.5% and 0.5%, meaning that no single purpose FRA will receive an increase less than that.
4.0 **Efficiency**

4.1 An efficiency target of £110m (equivalent to 1.6% per annum) over the three CSR07 years has been set for the FRS. Moving forward with this will be essential if FRAs are to continue with modernisation improvements and provide value for money to the taxpayer. As part of the consultation on the 2008/11 National Framework, we are consulting on a requirement that "Fire and Rescue Authorities should continue to report efficiencies on an individual authority basis; but Communities and Local Government will also provide a facility and guidance for authorities to report collectively on efficiency savings delivered through the Regional Management Board." We will advise FRAs on the details of reporting arrangements after the consultation closes on 6 February 2008.

4.0 **Supported Capital Expenditure (R)**

4.1 FRAs will be allocated Supported Capital Expenditure (R) (within the Formula Grant) totalling £61.6m, £68.8m and £70.8m over the three CSR07 years. A breakdown of allocations to FRAs is at Annex B. These amounts have been included for the purposes of Formula Grant calculations for each CSR07 year. SCE (R) is the amount of capital expenditure for which central Government is prepared to provide revenue grant support to authorities for new borrowing costs through Formula Grant. SCE (R) is a variable in the grant formulae. Neither the amount referred to in the attached list, nor the total of SCE (R) received by your authority (if it is greater than that in the attached list) represents an amount of financial support in itself. It is used in calculating your authority’s share of Formula Grant.

5.0 **Precepts**

5.1 Protecting council taxpayers from excessive increases remains a priority for the Government. The Chancellor made clear in his statement on the Comprehensive Spending Review that the Government expects the average council tax increase in England to be substantially below 5% in 2008/09. No decisions have been taken on capping principles in 2008-09, but authorities would be unwise to assume previous capping principles will apply again. Government has made clear that it is prepared to use its capping powers as necessary to protect council taxpayers from excessive increases.

6.0 **New Dimension**

6.1 Government is committed to funding the net new burdens resulting from the New Dimension programme. The roll-out of the capability, and the associated initial funding, is now reaching completion. Continuing funding support will cover elements of training, consumables, crewing for urban search and rescue, and maintenance of the capability to respond to level 4 incidents. For the short term, funding directly to FRAs will continue to be through Section 31 grants, with a view to transferring into Formula Grant in the next formula review, subject to consultation in the normal way.
7.0 **Fire Control**

7.1 We will continue to fund the net new burdens resulting from the implementation of the FireControl Project, which is now into delivery following award of contract to EADS Defence Services earlier this year for the supply of new Control Systems. The first systems to support data capture and migration will start to roll out shortly. A separate circular setting out the funding for known net additional costs and the process for establishing and funding transitional costs will be issued shortly.

8.0 **Firelink**

8.1 Each FRA will start to participate in meeting the FireLink regional service fee invoices from the point where the FRAs mobilising functions are transferred to the Regional Control Centre. Formula Grant will eventually be used as the mechanism for distributing funding but a special grant will be used in the interim period. FRAs will not be asked to pay service fees next year, hence no grants for this purpose will be paid in 2008/09. On current timescales 11 FRAs will start to meet service fee costs in 2009/10 and will be due grant payments.

8.2 For further information the financial principles governing Firelink service charges are set out in more detail in Fire and Rescue Service Circular 53/2007 Firelink Service Charges - Financial Principles.

9.0 **Centre of Excellence**

9.1 We are currently consulting on proposals for establishing a Centre of Excellence for the Fire and Rescue Service. The proposal, developed jointly with the LGA and CFOA, provides an opportunity for the Fire & Rescue Service to take much greater responsibility and ownership for managing the service and to take a central role in influencing the future direction of the service as a whole. A Centre of Excellence would drive effective and efficient service delivery by building capacity, supporting innovation, ensuring quality and strengthening leadership.

9.2 The consultation offers consultees a range of options to consider for the role, functions, status, governance and possible funding arrangements of a Centre of Excellence. It will be for FRAs to decide those functions which they wish to fund a Centre of Excellence to undertake on their behalf – the consultation provides an indication of possible costs. The earliest date on which it would be practicable to establish a Centre of Excellence would be April 2009.

10.0 **Pathway Group**

10.1 As proposed in my letter of 24 October 2007 to Chief Fire Officers, we have set up a Pathway Group to examine and scrutinise the funding that would be required to provide joint services to support the FRS Learning and Development Strategy in 2008/09. The Group is also scrutinising the level of transitional funding required by Firebuy next year. The Group is finalising its recommendations and we expect to be able to write to FRAs before Christmas.
11.0 Private Finance Initiative

11.1 Ministers have agreed to provide further funding for the FRS PFI programme. The FRS PFI Programme has been aimed in the past at assisting FRAs to deliver the modernisation agenda. Ministers now feel that assets can be better delivered through conventional means (see below). Further details on the programme will be announced in due course.

12.0 Capital Grant

12.1 Ministers have agreed to provide FRAs with Capital Grant totalling £35m and £45m in years 2009/10 and 2010/11. This is to assist FRAs with their capital asset needs. CLG will be consulting in due course on the appropriate distribution of this funding.

13.0 Asset Management Plans

13.1 There is a need to get the best out of locally owned assets. Earlier this year The Quirk Review, ‘Making assets work’, recommended that the Government should revise the existing local authority asset management guidance (published in 2005). This is something that ministers agree with and CLG are currently working with the Royal Institution of Chartered Surveyors (RICS) to produce a series of topic based property asset management pamphlets to reflect recent policy changes. We will be looking to see whether anything specific to the FRS would be appropriate.

14.0 Pensions finance

14.1 CLG plan to continue to meet any deficits on FRA pension funds through the ‘Pensions Top-up Grant’. Current estimates of this are £200m, £210m and £225m in the years 2008/09 to 2010/11 respectively. CLG and GAD will shortly be collecting actuarial data to carry out an assessment of the pension schemes with a view to revising contribution rates from 2010/11 if necessary.

15.0 Fire Prevention

15.1 During SR04 Government provided additional pump priming to help authorities develop fire prevention work in line with their statutory duties: Home Fire Risk Check and Fire Prevention grants. Both funding streams have successfully highlighted examples of good practice which can help further drive down preventable fire deaths.

15.2 Fire Prevention should now be mainstream work for FRAs and from 2008-09 funding will now be included within the Revenue Support Grant block grant. Fire prevention work is a core activity for the Fire and Rescue Service and many authorities use efficiencies delivered and retained by them during the last 3 years to embed prevention programmes in their local services.

16.0 Contacts

16.1 Contacts for any of the above are as follows:

**RSG/Formula Grant** - Charlotte Albone/Alan M Turnbull

[Charlotte.Albone@communities.gsi.gov.uk](mailto:Charlotte.Albone@communities.gsi.gov.uk) 0207-944-4183

[Alanm.Turnbull@communities.gsi.gov.uk](mailto:Alanm.Turnbull@communities.gsi.gov.uk) 0207-944 5690
CSR07 Funding for the Fire and Rescue Service

SCE - David Green/Alan M Turnbull
David.Green@communities.gsi.gov.uk 0207-944-4523
Alanm.Turnbull@communities.gsi.gov.uk 0207-944 5690

New Dimension Grants - Fay Sowerby
Fay.Sowerby@communities.gsi.gov.uk 0207-944-3769

Fire Control - Madeleine Rudd
Madeleine.Rudd@communities.gsi.gov.uk 0207-944-7459

Fire Link - Regina Haba
Regina.Haba@communities.gsi.gov.uk 0207-944-0058

CoE - Richard Davies/Brian Nash
Richard.Davis@communities.gsi.gov.uk 0207-944-5307
Brian.Nash@communities.gsi.gov.uk 0207-944-5620

Pathway - Linda Hurford
Linda.Hurford@communities.gsi.gov.uk 0207-944-3578

Efficiency targets - Talia Watson
Talia.Watson@communities.gsi.gov.uk 0207-944-4507

Fire Buy - Crispin Tuckley/Anna Wadsworth
Crispin.Tuckley@communities.gsi.gov.uk 0207-944-8141
Anna.Wadsworth@communities.gsi.gov.uk 0207-944-5672

FRS PFI programme - David Green/Alan M Turnbull
David.Green@communities.gsi.gov.uk 0207-944-4523
Alanm.Turnbull@communities.gsi.gov.uk 0207-944 5690

Capital Grant - Charlotte Albone/David Green
Charlotte.Albone@communities.gsi.gov.uk 0207-944-4183
David.Green@communities.gsi.gov.uk 0207-944-4523

Pensions finance - Alan M Turnbull
Alanm.Turnbull@communities.gsi.gov.uk 0207-944 5690
Fire Prevention - Mike Larking

Mike.Larking@communities.gsi.gov.uk  0207-944-5695

Property Asset Management Plans - David Green.

David.Green@communities.gsi.gov.uk  0207-944-4523

PETER BETTS

Head of Fire and Resilience Directorate