

REVENUE SUPPORT GRANT FOR 2006/07 AND 2007/08

CONSULTATION RESPONSE OF SHROPSHIRE AND WREKIN FIRE AUTHORITY

In response to the Revenue Support Grant Consultation Paper issued by the Secretary of State on 5 December 2005, Shropshire and Wrekin Fire Authority would wish to express general support for the settlement which, for the first time, appears to go some way towards recognising the particular needs of rural fire and rescue authorities such as our own.

In particular, we note the changes to the distribution of grant from 2006/07 for fire and rescue authorities, and support the following changes which clearly allow for a more appropriate allocation of funding based upon needs:

- The replacement of the outdated "A" risk indicator;
- The modification of the community fire safety indicator to include a factor for population aged 65 and over;
- The doubling of the weighting of the community fire safety indicator;
- The replacement of the fire safety enforcement indicator with a property and societal risk indicator; and
- The modification of the fire risk indicator.

There are, however, three areas where we feel that the proposed grant allocation fails to meet the needs of our own Fire Authority, or indeed those of the council tax payers of Shropshire and Telford and Wrekin.

Sparsity

The Fire Authority is particularly disappointed that earlier proposals for the introduction of a fixed element for sparsity have not been progressed. We note, from paper SWG/05/51 (entitled Fire FSS) of the meeting of the Settlement Working Group on 6 June 2005, that this proposal was "in relation to the modernisation agenda and a potential change in the distribution of costs between fire and rescue authorities employing largely retained firefighters and those employing fulltime firefighters."

Being an Authority which maintains 28 front line fire appliances, 23 of which are crewed by retained personnel, we have argued that sparsity and the needs of retained firefighters have been ignored for many years within arrangements for funding distribution. Following publication by the ODPM last February of the findings of a review into recruitment and retention challenges within the retained service, we were, however, hopeful that many years of underinvestment in this important area of the Service would be addressed. We were hopeful that specific recognition of sparsity issues would enable investment and also give a fairer deal to Council Tax Payers. The exclusion of a factor for sparsity means that this has not been possible.

Floors for Grant

Shropshire and Wrekin Fire Authority fully recognise the need for grant floors to maintain stability and predictability of grant, and recognise that a floor of 1.5% for fire and rescue authorities is the lowest of all groups of authorities. The effect of the floor upon our own Fire Authority, however, is to reduce our grant by £737,000 in 2006/07 and by £669,000 in 2007/08. These figures represent reductions of 9.5% and 8.5% respectively on our grant, and clearly have a major impact upon our ability to reduce our own precept to bring this more into line with similar authorities.

Previous Years' Amendments

The Authority is concerned at the significant changes that take place to grant entitlement as a result of Amending Reports for earlier years. These are difficult if not impossible to explain to Council Tax payers and make financial planning difficult despite the efforts that government has made to introduce greater certainty for future years.

Summary

Shropshire and Wrekin Fire Authority recognise that an increase in grant equating to 3.6% in 2006/07 and 4.3% in 2007/08 begins to tackle the problem of serious under-funding that we as an Authority have experienced for many years. It also means that, when taken together with our own considerable efficiency savings, we are able to progress proposals for substantial additional investment in the retained service in Shropshire (an extra £824,000 in 2006/07 equating to almost 4.5% of our current budget). Unfortunately, the omission of a factor for sparsity, the disproportionate affect of floor damping, and a wholly inexplicable loss of grant from previous years' settlements mean that the cost of this investment will inevitably fall upon the council tax payers of Shropshire in the form of a precept increase in the region of 4.5%.

Finally

In response to the recently issued Fire and Rescue Service Circular 62/2005 entitled 'new financial arrangements for firefighter pensions – local government financial settlement,' whilst we recognise that these arrangements may have caused concerns for a small number of fire and rescue authorities, we would urge against any major changes to the settlement. The changes to the pension financing arrangements are wholly welcome to the Authority given the benefits of stability whilst still keeping responsibility for early retirements through sickness at the local level. Initial transition difficulties are therefore acceptable.

As you will be aware, we are operating against particularly tight deadlines for consultation on our own budgets with the public and stakeholders. Any significant changes as result of the temporary problems of the new pension arrangements, or indeed any significant change following your 11 January deadline, will have a major impact upon our own budget setting process.

Should you require any further clarification of any of the issues raised above, please do not hesitate to contact either myself or our Chief Fire Officer, Alan Taylor, or Treasurer, Keith Dixon, on 01743 260201.

Councillor Dave Morgan
Chair
Shropshire and Wrekin Fire Authority