

Formula Grant Review

Report of the Chief Fire Officer and the Treasurer

For further information about this report please contact Alan Taylor, Chief Fire Officer, on 01743 260225 or Keith Dixon, Treasurer, on 01743 260202.

1 Purpose of Report

This report informs Members of the current review of the Fire and Rescue Relative Needs Formula used in the formula grant distribution system. It also proposes some basic responses to five questions raised by Communities and Local Government (CLG) concerning options for a new formula.

2 Recommendations

The Fire Authority is asked to:

- a) Note the ongoing review of the Grant and the uncertainty this brings for 2011/12 onwards;
- b) Agree the basic responses, set out in paragraph 4 of the report; and
- c) Delegate approval to the Chief Fire Officer and Treasurer, in consultation with the Chair, to add to these responses, if further information becomes available before 20 July 2009.

3 Background

There is a current review of the fire and rescue relative needs formula, and a working group is looking at the formula for the fire and rescue service.

The current basic formula has been in place since 2006/07. A proposal to update the expenditure base for regression purposes for the 2008/09 to 2010/11 settlement was rejected, as it would reflect “pre-modernisation” expenditure patterns. The formula was left in place, although a review for the next three years’ grant period (2011/12 to 2013/14) was set up.

The current position for this Authority is as follows:

	Grant	Floor Damping	Grant Received	% Increase
	£000	£000	£000	
2008/09	8,383	-713	7,670	6.6
2009/10	8,511	-536	7,975	4.0
2010/11	8,634	-366	8,268	3.7

This Authority was pleased with its settlement, whilst recognising that floor damping to protect Grant losing Authorities would still be costing it grant of £366,000 in 2010/11.

4 Current Review

The current review asks five questions and requests a response by 20 July 2009. These are set out below, together with proposed lines of response.

1 What comments or suggestions do you have on the current formula, or suggestions for changes / alterations?

Shropshire and Wrekin Fire and Rescue Authority supports the current formula. It has been reviewed extensively and its continuation provides certainty in a difficult future funding period.

2 Do you have any view on whether the formula ought to be based on statistical analysis, on judgement, or on a mixture of the two? What is the reasoning behind your view?

Shropshire and Wrekin Fire and Rescue Authority on balance, wishes the current formula to remain based as it is on statistical analysis. Any new judgemental based decision would redirect external funding, but could act as a potentially perverse incentive to redirect internal resources, e.g. through efficiencies or re-examining spending priorities, if it simply reflects past spending patterns.

If judgemental decisions were based on measurements of at-risk groups, i.e. where fires are known to be more likely, then the Authority could support this. It would provide resources to deal with risk, but not act as a perverse incentive. The Authority would cite Fire Service Circular 34/2008 "Publication of Research Reports" and Fire Research Services' 9/2008 "Analysis of Fire and Rescue Service Performance and Outcomes with reference to population socio-demographics".

3 What are the main factors that drive your fire and rescue authority revenue expenditure, and how would you rank them in importance?

- Providing fire cover and targeted community fire safety for a relatively sparse area; and
- Achieving best value, especially applying the findings in the Audit Commission report “Rising to the Challenge”.

4 What are the main activities of your fire and rescue service, and approximately how much time and resources are directed to the activity?

- Running comprehensive and resilient fire cover and safety services using the retained fire service in less populated areas.

5 If a new formula were to be created on the basis of judgement, what are the main factors that we should seek to reflect? How important is each, and why?

- Scope to continue to achieve best value in delivering the service;
- Targeting at-risk groups; and
- Improving, or at least maintaining, current service levels in relatively sparsely populated areas at a time of potentially reducing resources.

5 Financial Implications

The financial implications are outlined in the main body of the report.

6 Legal Comment

There are no legal implications arising from this report.

7 Equality Impact Assessment

Officers have considered the Service’s Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

8 Appendices

There are no appendices attached to this report.

9 Background Papers

Strategy and Resources Committee

18 September 2009, Paper 13b – Integrated Risk Management Planning
Research Report

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	*
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*