

DEVON & SOMERSET FIRE & RESCUE AUTHORITY



REPORT REFERENCE NO.	RC/11/12
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	19 OCTOBER 2011
SUBJECT OF REPORT	CONSULTATION ON THE DISTRIBUTION OF FIRE CAPITAL GRANT
LEAD OFFICER	TREASURER
RECOMMENDATIONS	<i>that, subject to incorporation of any comments made at the meeting, the Treasurer be authorised to respond on behalf of the Authority to the Department for Communities and Local Government (DCLG) consultation on the distribution of fire capital grant along the lines as set out in Appendix A to this report.</i>
EXECUTIVE SUMMARY	The Department for Communities and Local Government issued a consultation document recently in relation to proposals for the basis of distributing fire capital grant of £70m per annum for the three years 2012/2013 and 2014/2015. A draft response to the consultation is contained within Appendix A to this report for consideration.
RESOURCE IMPLICATIONS	As indicated.
EQUALITY IMPACT ASSESSMENT	Not applicable.
APPENDICES	Appendix A – DSFRA draft response to the consultation on the distribution of Fire Capital Grant.
LIST OF BACKGROUND PAPERS	Minute DSFRA/34 – meeting held on 29 September 2011 – refers.

APPENDIX A TO REPORT RC/11/12

Gayle Springett
Department for Communities and Local Government
Zone 3/E2, Eland House
1/F1 Ashdowne House
Ressenden Place
LONDON SW1E 5DU

Dear Madam,

DISTRIBUTION OF FIRE CAPITAL GRANT - RESPONSE FROM THE DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY

I refer to the recent consultation document issued by your department, in relation to proposals for the basis of distributing fire capital grant of £70m per annum for the three years 2012/2013 and 2014/2015, and am writing on behalf of Devon and Somerset FRA, to provide comments on the proposals, including responses to the specific questions raised.

General Comments

Firstly, the Authority welcomes the fact that the department have been successful in obtaining this grant on behalf of the sector at a time when other capital grants for local authorities have been reduced or removed. It is very much hoped that the CLG will be in a position to allocate similar capital grant funding as part of the next CSR announcement and beyond.

As the department will be well aware, it is of serious concern to the Fire Service that a lack of adequate capital funding in the past has severely compromised its ability to modernise the Service, including new demands placed upon it from issues such as compliance with equality and diversity legislation, and the enthusiasm to provide community facilities. These issues, in addition to the significant backlog in capital improvement works required to the existing estates infrastructure to make them 'fit for purpose' has been highlighted on numerous occasions, including submissions to the CLG from the Fire Service Expenditure Group. The continuation of this grant will be of significant importance if we are to address some of these issues, whilst also looking for more innovative ways of funding future programmes.

I provide below responses on behalf of the Authority to the seven specific questions in the consultation document, however first I provide some general comments in response to the document.

In relation to the key proposal to ring-fence an element of the £70m to an efficiency fund to be subject to a bidding process, this is not something that this Authority supports and believes that the total sum of £70m per annum should continue to be distributed by way of a distribution formula. The key reasons for not supporting a bidding process are:

- 1) In accordance with the key principles of localism we believe that FRSs should be given the financial freedoms to deliver their own local agendas and make timely invest-to-save decisions to drive efficiency and service improvement aligned to their IRMPs. To introduce a bidding process around an efficiency fund would seem to be inconsistent with the localism agenda.
- 2) Given that the timetable to complete capital projects tends to span over a number of years we believe that to allocate all of the £70m per annum for the next three years by way of a pro-rata formula will give FRSs the certainty around capital funding that will be of great assistance to medium term capital planning. An annual bidding process would work counter to this position and only add to uncertainty over future funding streams.
- 3) The introduction of a bidding process will introduce another layer of administration and bureaucracy to FRSs which would be unwelcome at a time where our resources are already being stretched by the current change and improvement programme.

In reviewing the way that this grant is allocated we would also seek a more equitable distribution of the grant amongst FRAs. We do not feel that the current model used to distribute the total grant available, by way of population, is a fair system as it does not reflect the real capital investment needs of FRAs. For instance, under the current distribution methodology Tyne and Wear FRA attracts a grant of £1.5m and yet it only has 17 fire stations (£89k per station), compared to the £2m grant of Devon and Somerset with 85 stations (£24k per station). Similarly, Hampshire and Essex FRAs receive more grant than Devon and Somerset and yet those FRAs have 40% less fire stations to maintain and eventually replace. As an FRA with a number of fire stations and appliances only second to London Fire (£7m grant), we do not feel that the current distribution methodology provides a fair system. We would like to see the distribution model changed to take into account the number of fire stations and appliances, rather than an arbitrary population method which does not adequately reflect capital investment needs.

Comments relating to specific questions raised.

Q1 - Do you have a view about the proportion of funding that ought to be available for distribution versus the proportion of funding that ought to be available to bid against?

We believe that 100% of funding should be available for distribution by the pro-rata methodology currently applied.

Q2 – What are your views on our proposal of one bidding round?

Given that capital projects tend to span more than just one financial year we would be more supportive of one bidding round. This would also reduce the administrative effort required both locally and nationally.

However in the first instance we would want to see two bidding rounds to give those FRSs unable to put a successful bid in by December 2011, another opportunity.

Q3 – If there is one round, are you content that we should reserve the option for a second round if there are significant under allocations?

Yes.

Q4 – As an alternative to one bidding round do you think a bidding round for each year would be better? And if so why?

No, capital projects tend to span more than one year and need a bidding round spanning more than one year. It also adds to the administrative effort needed.

Q5 – Do you think that these are the right criteria for assessing bids for Capital Grant Funding? If not, what would your proposals be?

In principle, we would agree that the right criteria is being suggested, however the formula proposed would suggest that only those projects that can demonstrate the delivery of significant cashable benefits will win through. We would rather see a process that offers all FRSs, however small, access to a proportionate amount to the grant available. We would not want the system to become similar to PFI whereby only a small number of FRSs benefited from the funding pot.

Q6 – Do you agree with the approach on accountability and monitoring?

Yes we agree with the approach suggested.

Q7 – How do you think best practice could be shared with the rest of the fire and rescue service?

We believe that the Chief Fire Officers Association is best placed to hold a database of case studies, which could be used to help to inform and help with the formation of successful bids.

Yours faithfully

Kevin Woodward
Treasurer to Devon and Somerset Fire and Rescue Authority