

APPENDIX C TO REPORT DSFRA/18/1

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Date : 20th October 2017
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Dear Sir,

**LOCAL GOVERNMENT FINANCE SETTLEMENT 2018-19 – TECHNICAL
CONSULTATION PAPER**

I am writing to you on behalf of Devon and Somerset Fire and Rescue Authority (the Authority) in response to the above consultation.

The Authority welcomes the opportunity to provide a response to the consultation paper and provides at responses to those specific questions included in the document that have an impact to fire and rescue authorities.

Yours sincerely

Kevin Woodward
Treasurer to Devon and Somerset Fire and Rescue Authority

RESPONSE TO QUESTIONS

We provide below our responses to the specific questions raised in the consultation document. **Please note that we are not responding to all of the Consultation Questions, just those that we consider to be especially relevant to fire and rescue authorities.**

Section 2.1 – The multi-year settlement offer – certainty over funding.

Question 1: Do you agree that the government should continue to maintain the certainty provided by the 4-year offer as set out in 2016-17 and accepted by more than 97% of local authorities?

Response – We agree that the certainty over funding provided by the multi-year offer should continue, however in light of new financial pressures since acceptance of the offer, particularly new ways of working following the catastrophic fire at Grenfell Tower, and pay awards in excess of the 1% included in the 4-year offer, we would want the 2018-19 settlement to announce some additional government funding for fire and rescue authorities to fund these pressures.

Section 4.1 – Council Tax referendum principles for local authorities.

Question 9: Do you have views on Council Tax referendum principles for 2018-19 for principal local authorities?

Question 10: Do you have views on whether additional flexibilities are required for particular categories of authority? What evidence is available to support this specific flexibility?

Response – It is our view that because the cost of holding a referendum is prohibitive for fire and rescue authorities they should be removed from the Council Tax referendum principles altogether.

The relatively low Band D Council Tax figures for FRAs, typically only 4% of the total Council Tax bill for any area, means that the cost of holding the referendum would be totally disproportionate to the additional amount of precept that could possibly be achieved. For instance, for Devon and Somerset Fire and Rescue Authority, which has fifteen billing authorities across its two counties, the cost of holding a referendum has been estimated at £2.3m (equivalent to a 5.5% increase in Council Tax). We could not possibly justify this cost which would represent exceptionally bad value for money to our taxpayers.

If the referendum principles are to continue for fire and rescue authorities then it is our view that the proposed limit of “less than 2%” be revised to be “less than 2% or up to £5, whichever is the higher”. This would provide the same flexibility as offered to other local authority types i.e. all shire district councils and those police authorities with precepts in the lowest quartile. As is illustrated overleaf, the average precept for those groups is significantly higher than that of a fire and rescue authority.

Authority Type	Average Band D Council Tax 2016-17
Fire and rescue authorities	£71.50
Local precepting authorities (Band D >£75.46 and precept >£500k)	£134.28
Police authorities	£174.24
Shire district councils	£174.99

This request for an additional flexibility of a £5 limit was also included in our response to last year's settlement technical consultation and it was very disappointing that no flexibility was offered in the final settlement.

It is our view that the case for this additional flexibility is even more overwhelming this year in the light of new financial pressures on the Service and in the event that no additional government funding is made available to meet these pressures. Recent terrorist incidents and large scale fires such as the Grenfell fire demonstrate that authorities need to be able to respond to a range of incidents. During the current year the UK national threat level has been raised to critical on two occasions to date. It is also likely that a number of recommendations will come from the Grenfell enquiry that will place additional financial burdens on fire and rescue authorities.

Pay and inflation pressures will also have a significant impact to medium term financial plans. The most recent pay offer for firefighters of 2% from July 2017 (and possible further 3% from April 2018 subject to government funding) is more than had been planned during the four-year settlement period. A cost of 2% pay award is almost the same as the additional precept received from a 2% increase leaving no funding to cover inflationary increases and other pressures.

Our medium term financial plan has built in the impact of the £7.3m reductions in grant funding as included in the four-year settlement to 2019-20, and plans are in place to deliver the required efficiency savings to ensure that a balanced budget can be set in each of those years. However we are very concerned that in the event that no additional government funding is made available to meet new cost pressures during this period then the Service will be placed in the position of identifying further efficiency savings which will inevitably include reductions in the number of firefighters.

Our medium term financial plan has also assumed increases in Council Tax of 1.99% in each year. The additional flexibility provided by a £5 cash limit would provide the Authority with an option to mitigate some of the additional cost pressures through increased precept, subject to engagement with its local taxpayers as to how what the level of increase should be and how the additional precept will be utilised.