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Our ref: CSR2020
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Date: 7 December 2020
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Dear Lord Greenhalgh

Fire and Rescue Service Funding

I am writing further to your letter of 15 July 2020 and the Spending Review announcement on 25 November 2020. Within your letter you stated that the decisions on funding for future years and council tax referendum limits would be considered as part of the Spending Review. I was disappointed to note that within the Review there were no specific funding announcements relating to the fire sector and that the referendum threshold for increases in council tax will remain at 2 per cent for 2021-22.

Your letter also encouraged services to work through the NFCC and Local Government Association to provide evidence to support the case for the resources requirements over the next Spending Review period. This is something we were involved in, and I would like to highlight that the document produced noted that "changing referendum limits to allow council tax precept flexibility of £5 for all FRS is the only viable option for addressing local funding issues".

This issue is of particular concern to our service, especially given that HMICFRS noted they "have serious concerns as to whether Buckinghamshire FRS has the resources it needs to meet its foreseeable risk. As a result of the financial position the service finds itself in, it doesn't have enough operational firefighters to resource its prevention and protection functions and crew the minimum number of fire engines it says it needs." This is despite the service being incredibly efficient, with HMICFRS data showing our firefighter cost per person per year of £17.38 is significantly below the national average of £22.08¹. With limited scope for further efficiency, future funding shortfalls would inevitably have an adverse impact on our frontline service delivery.

¹ <https://www.justiceinspectorates.gov.uk/hmicfrs/fire-and-rescue-services/buckinghamshire/>

Two-thirds of our funding comes from council tax, yet our Band D precept is only £65.85, well below the national average of £78.56². While the announcement in the Spending Review that 75 per cent of the irrecoverable loss of council tax revenues in 2020-21 would be funded is welcome, it doesn't address the issue of council tax funding in future years. Our council tax base is forecast to decrease by 1% for 2021-22, when our medium-term financial plan had assumed growth of 1.6%³. With a similar reduction in business rates receipts and additional spending pressures, even when taking account of the pause on pay increases, we are forecasting a deficit for 2021-22 of circa £1m. The fact that your letter refers to your officials monitoring our financial health must surely be an indication that you share my concerns in this area.

I also note that in your letter of 30 November 2020 to all FRA chairs you state that the overall reserves position for fire and rescue gives you confidence that services are well placed to weather the tough economic conditions ahead. However, looking at the overall picture masks the fact that individual services are in significantly different positions.

The figures published by your department on 30 November 2020 (<https://www.gov.uk/government/publications/fire-and-rescue-authority-financial-reserves-march-2019/standalone-fra-financial-reserves-march-2019>) show that between March 2015 and March 2019 our reserves have fallen by 50%, the second highest decrease of all fire services.

Furthermore, our latest set of audited accounts show that by March 2020 our reserves had further decreased from £7.4m to £5.1m. Of this amount, over £2m is allocated to future capital projects and £1.5m is our General Fund balance (equivalent to less than 5% of our budget in line with the National Framework). In total our reserves equate to 18% of our core spending power for 2020-21⁴. When compared to the Standalone FRA financial reserves: March 2019 list, only the newly created Northamptonshire FRA has a lower percentage of its core spending power in reserves.

As you stated in your letter of 15 July 2020, I acknowledge that past decisions have impacted our financial position. However, I believe that the Fire Authority's decision, taken over five years ago, was at a very different time, under different leadership and on the position as it was then. Despite evidence of our prudent use of resources since, the current situation could not be foreseen and the situation is very different today.

At our budget setting meeting in 2019 the Authority formally discussed the implications of holding a referendum to increase council tax above the

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/905431/Table_7_CTR_20-21_rev.xlsx

³ Our current council tax forecast for 2021-22 is based on forecasts supplied by one of our two billing authorities taking account of the impact of COVID-19 (the second is yet to provide us with any figures). The medium-term financial plan forecast was based on the historical three-year average, taking account of building growth across the county.

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864033/Core_Spending_Power_Supporting_Information_2020_to_2021.xlsx

threshold. However, given the forecast cost of £600k and the restrictive nature of the question prescribed in regulations, it was concluded this option is not at all feasible for our service.

I therefore urge you to grant us the flexibility to increase our precept by up to £5, for a Band D property, even if this had to be phased over the next two financial years. This would allow us to address the cause for concern raised in our HMICFRS report and to mitigate the forecasted, and explained, loss of council tax receipts.

Yours sincerely

Councillor Lesley Clarke OBE

Chairman, Buckinghamshire and Milton Keynes Fire Authority

Councillor Peter Marland

Group Leader – Labour

Councillor Steven Lambert

Group Leader – Liberal Democrats