

WILTSHIRE AND SWINDON FIRE AUTHORITY

Appendix 1

24 February 2015

Response to the Consultation On Proposals for a Combined Fire And Rescue Service For Wiltshire And Dorset

Executive Summary:

On the 21 October 2014, this Council considered the contents of the Wiltshire and Swindon Fire Authority draft business case for strengthening the fire and rescue service. As Members are aware, the Fire Authority faces considerable financial challenges over the medium term that threatens both sustainability of frontline services and solvency. Financial reserves are already being used to achieve a balanced budget. The Combined Fire Authority (CFA) proposed three scenarios for change to ensure the financial sustainability of this vital emergency service. At the meeting in October, this Council fully understood the financial challenges faced by the Fire Authority and the work that had been done to develop and support the business case. Whilst recognising the situation, and as part of the extensive public and stakeholder consultation, the Council raised three principal concerns, namely:

1. How will any remaining funding gap be bridged?
2. How the equalisation of precepts will be dealt with and what the impact will be on Wiltshire?
3. How it can be assured that key local decisions are not prejudiced by being outvoted by the other constituent authorities?

Following extensive consideration of these important matters together with the findings from the public consultation exercise (that was overwhelmingly supportive of a combination with Dorset), the Fire Authority unanimously voted in favour of a merger with Dorset as the best means to protect vital frontline services. Similarly, and with similar wide spread support from the public and all its constituent authorities, the Dorset Fire Authority unanimously voted to support a merger with the Wiltshire and Swindon Fire Authority. To this end, an application for a Combination Order under the Fire and Rescue Services Act 2004 was submitted to DCLG by myself and the Chairman of Dorset Fire Authority on the 12 December 2014. On the 19 December 2014, the Secretary of State commenced his consultation under the Act. This report details how the concerns raised by this Council at its October meeting have been fully addressed and seeks consent from this Council to support this locally-led proposal to create a combined Fire and Rescue Authority covering the area served by our existing Fire Authorities

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Proposal

To seek Council's consent to notify the Secretary of State for DCLG by 24 February 2015 to support a locally led proposal to create a Combined Fire and Rescue Authority covering the area served by the existing Wiltshire and Swindon Fire Authority and the Dorset Fire Authority.

Reason for Proposal

To provide a response in support of the proposal to create the Dorset and Wiltshire Fire and Rescue Authority from 1 April 2016. A definitive response is expected by the Secretary of State for the Department of Communities and Local Government under the Fire and Rescue Services Act 2004.

Cllr Christopher Devine, Chairman of Wiltshire and Swindon Fire Authority

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24 February 2015

Response to the Consultation On Proposals for a Combined Fire And Rescue Service For Wiltshire And Dorset

Purpose of Report

1. This report sets out how the concerns raised by this Council at its October meeting regarding a potential combination with Dorset Fire Authority have been fully addressed. The report seeks support to create the Dorset and Wiltshire Fire and Rescue Authority by means of a formal response from Wiltshire Council on the 24th February 2015 to the Secretary of State for the Department of Communities and Local Government under the Fire and Rescue Services Act 2004.

Relevance to the Council's Business Plan

2. After a significant level of analysis and consideration of the concerns raised during the extensive 13 week public consultation exercise, the Wiltshire and Swindon Fire Authority voted unanimously to support a locally led merger with Dorset Fire Authority as the best means of protecting and indeed strengthening vital frontline services. These services are crucial to the safety and wellbeing of our communities and are supportive of the Council's business plan. The proposed merger seeks to continue to strengthen closer working collaboration with this Council and other important partners such as the Police. As this Council may be aware, I, on behalf of the CFA, am delighted to highlight that the Fire Authority has recently been notified of a successful £5.54m grant to support the proposed merger and establish a community safety centre that will help educate and engage thousands of young people and those vulnerable to fires and other emergencies. It is the intention of the Fire and Rescue Service to work with this Council to support and strengthen the campus programme to build upon the good work that has so far been undertaken and to create a new community facility that will be important to furthering the safety and wellbeing of our local communities.

Background

3. The financial situation faced by Wiltshire and Swindon Fire Authority remains of considerable concern. To maintain the vital services provided by the Wiltshire and Dorset Fire and Rescue Services, a number of strategic options to tackle this growing financial concern were put to stakeholders and the public. As part of this local consultation process, this Council raised a number of concerns about any potential combination with the Dorset Fire Authority. This paper addresses how these concerns have been met so that the Secretary of State can make a clear determination about the Council's position on this proposal.

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Main Considerations for the Council

4. Whilst recognising the situation, and as part of the extensive public and stakeholder consultation, the Council at its meeting on the 21 October 2014 raised three principal concerns namely:
 - How any remaining funding gap will be bridged?
 - How the equalisation of precepts will be dealt with and what the impact will be on Wiltshire?
 - How it can be assured that key local decisions are not prejudiced by being outvoted by the other constituent authorities?
5. I will now outline how these issues have been resolved.

Issue 1: The gap in funding

6. Members of the Wiltshire and Swindon Fire Authority appreciate the concern that Wiltshire Council has for the Fire Authority in balancing its budget over the next few years. Indeed this concern is not untypical for all elected Members in each and every public sector organisation across the country. The significant reductions in government funding and tight fiscal strategy adopted by the current Government are well documented. The Fire Authority is no stranger to this, having experienced cuts in Government funding of nearly 30% since 2010/11, and there are early indications of further cuts in excess of 20% in the next three years. A sound financial footing must be established to help ensure that the vital public services delivered by our Fire and Rescue Service can continue.
7. As Members may recall the joint annual funding gap of the two fire authorities was identified as being between £5.4m (best case) and £7.1m (worst case) in 2017/18. The business case for combination included three scenarios.
8. It is clear to the Authority that the savings arising from scenarios 1 or 2 *i.e.*
 - Scenario 1: Remain independent and increase collaboration with Wiltshire Council and Swindon Borough Council; and,
 - Scenario 2: Remain independent and increase collaboration with Dorset Fire Authority while also collaborating with Wiltshire Council and Swindon Borough Council,

outlined in the business case, cannot bridge the financial shortfall. With total support staff costs of £2.7m pa, and with a Service that has 18 out of 24 retained stations, and 65% of its operational staff on a pay-as-you-go retained basis, any financial gap must be found from frontline services, something that the Authority and this Council wishes to avoid.

9. Scenario 3 of the business case (*i.e.* merging with Dorset) showed combination savings of £4m pa. The process for establishing these savings was scrutinised

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by Internal Audit in both Authorities, and further examined by the External Auditor, who concluded that a robust process had been followed.

10. Further savings were also identified in the business case around provision for pay award/inflation for 2014/15 which were in excess of that actually achieved. The impact of this reduced the funding gap by £0.400m per annum.
11. Scenario 3 also highlighted that by unlocking significant fire to fire efficiencies, it would be possible to deliver more resilient and effective crewing arrangements for wholetime firefighters within service delivery that could deliver savings of up to £1.5m.
12. I also reported, as did Cabinet Member Cllr D Tonge who undertook due diligence on the significant work undertaken with Wiltshire Council, Wiltshire Police and Swindon Borough Council, identifying savings that could be achievable in collaborative partnerships without a need to merge Fire Authorities. This work identified possible savings, of between £0.361m and £0.744m falling to Wiltshire and Swindon Fire Authority. Some of these savings (identified as between £0.062m and £0.266m) would also be available to the new combined authority and are included in Scenario 3 of the business case. A full report of these savings was agreed by the Treasurers of this Council, Swindon Borough Council and the Fire Authority. They have been scrutinised and validated by auditors and were fully considered by the Authority at its November meeting.
13. Taking account of the savings highlighted above, under Scenario 3 of the business case for combination the worst case funding gap could be reduced to £0.153m in 2017/18, with sufficient available reserves to meet this gap. The likely case funding position showed a surplus of £0.537m. These scenarios were supported by financial assumptions that are in keeping with those adopted within the fire and rescue sector and accord with intelligence received within Local Authorities. In early December we were made aware of potential increases in the taxbase of all constituent authorities which were greater than expected and these have had a positive impact on the business case. On 11 December 2014 the Fire Authority received an update on the business case taking account of the revised taxbase assumptions. The update showed that under Scenario 3 the likely case funding position showed an improved surplus of £1.056m, and the likely case funding gap in 2018/19 had reduced from £1.048m to £0.322m. This would allow a balanced budget to be set as far as 2019/20 using available reserves, at least one year further on than previously reported. The updated business case financial position is shown in Appendix A.
14. Appendix A also highlights that even if the fire precept has to be equalised over a 5 year period, the positive impact of the taxbase changes notified in December more than offsets the loss in funding caused by the equalisation process. This means that a likely case funding surplus of £0.797m can be achieved in 2017/18, compared to the £0.537m previously shown.
15. In January we received final confirmation of taxbase changes for 2015/16 from all constituent authorities, Whilst Wiltshire and Swindon's increase remained at 2.1%, Dorset's increased by 1.5% compared to 0.75% declared in December this reduces the funding gap by a further £138k pa.

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16. As Chairman, I remain firmly convinced that a combination with Dorset Fire Authority, whilst also strengthening collaboration with this Council and other partners, is the most financially viable way forward to protect vital emergency services. Such a strategic change will help unlock considerable fire to fire efficiencies that are simply not available through any multi-agency arrangements.
17. The Authority is assured that by progressing a combination we have a sustainable financial position until 2019/20 that allows considerable fire to fire savings and opportunities to be secured. We have a detailed savings plan and strategies that underpin these savings and, as previously mentioned, they have been accredited by internal and external auditors of both fire authorities.

Issue 2: Equalisation of Precepts

18. The Fire Authority shares the concerns of both Wiltshire Council and Swindon Borough Council regarding the issue of precept equalisation. Over the last 12 months, officers from both Dorset and Wiltshire Fire and Rescue Services and the two Chairmen have frequently met with DCLG officials and exchanged technical information in respect of potential options and consequences of various approaches to equalisation.
19. As a new Combined Dorset and Wiltshire Fire Authority, it will be a requirement that we achieve equalisation of fire precept within a maximum period of five years. The current 2014/15 difference between the two fire authorities' precepts is £2.98, with the band D precept of £66.60 in Dorset and £63.62 in Wiltshire and Swindon. It should be noted that the average band D fire precept for CFAs is £68.96, so both fire authorities are already well below the average. Both authorities' Medium Term Finance Plans (MTFP) assume an annual increase in fire precept band D just under 2% for the next four years.
20. The business case included three options exemplifying the equalisation of the fire precept band D. These options are:-
 - Option A: Equalise at the Dorset fire precept band D for 2016/17
 - Option B: Equalise to an average of Wiltshire and Dorset fire precept band D for 2016/17 (i.e. with no reduction in overall funding)
 - Option C: Equalise fire precept band D over a 5 year period.

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21. The favoured option of both Fire Authorities is to equalise the fire precept band D in 2016/17 to the level of the Dorset Fire Authority i.e. Option A. I understand that this would mean a small increase of £4.33 per band D householder and require assistance from DCLG in establishing an Alternative Notional Amount (ANA). Indeed, whilst CFA Members recognise the need to keep fire precept increases to a minimum, the option of an increase slightly above the referendum limit is not being ruled out, as this additional income to two of the lowest spending Fire Authorities would help to mitigate future financial uncertainty around grant reductions over the next spending review period and further protect the provision of front line service delivery.
22. As Scenarios 1 and 2 of the business case highlight, savings from back office and support functions cannot address the significant funding gap faced by the Fire Authority. The remaining funding gap could only be addressed by significant cuts to service delivery or increases in the fire precept over and above the amounts suggested in any of the three options for equalisation.
23. At the November and December meetings of Wiltshire and Swindon Fire Authority and Dorset Fire Authority, the Wiltshire and Swindon Fire Authority Members and Dorset Fire Authority Members unanimously agreed to combine, subject to a process of equalisation of fire precept band D that would have no detrimental financial impact on the business case. As highlighted in paragraph 14, the positive impact of taxbase changes makes this possible even if the fire precept has to be equalised over a five year period (our least favoured option).
24. Although we still believe that the best course of future negotiation with DCLG is to achieve equalisation on day one (option A or B) for the new Combined Fire Authority, equalisation over a five-year period (option C) without the need to move beyond the existing referendum limits is possible and does not compromise the business case. The issue regarding equalisation of fire precept has therefore been addressed.

Issue 3: Equalisation of Governance Arrangements

25. In October 2014 the Council also raised concerns over the potential for democratic inequity within the proposed new Combined Fire Authority. At present the Wiltshire and Swindon Fire Authority comprises of 9 members from Wiltshire Council and 4 members from Swindon Borough Council. Dorset Fire Authority comprises 8 Members from Dorset County Council, 4 Members from Bournemouth Borough Council and 3 Members from the Borough of Poole. The need for equal democratic representation was an issue that the CFA maintained needed to be a pre-requisite condition for any potential combination. At their meeting on 4 November 2014, the Dorset Fire Authority also supported the principle of democratic equalisation between the two existing CFAs. It was therefore agreed that an additional two Members from Wiltshire Council and Swindon Borough Council would sit on the proposed new Authority. On this basis the new Authority would comprise:

Size of Authority	Bournemouth	Dorset	Poole	Swindon	Wiltshire
30	4	8	3	5	10

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26. This would mean that both existing CFAs would have 15 Members each, with this Council having the largest proportionate share of individual Members from the five constituent authorities. Wiltshire and Swindon Fire Authority Members, like Dorset's, also wanted to signal a governance review in April 2018 to ensure that the new CFA was operating in an efficient and effective manner.
27. The Fire Authority is therefore satisfied that the concerns raised by this Council at their meeting on the 21 October 2014 are fully addressed. It is also assuring to note that Swindon Borough Council, who raised similar issues, are also content with the resolution of this issue as evidenced by their response to the Secretary of State as part of his statutory consultation exercise. For information I have appended the positive returns made to the Secretary of State on this proposal by Swindon Borough Council, Bournemouth Borough Council, the Borough of Poole and Dorset County Council (Appendix B).

Safeguarding Implications

28. The frontline services provided by the Fire and Rescue Service are of fundamental importance to the safety and well-being of local people, the environment and the local economy. On the 12 December, Wiltshire and Swindon Fire Authority unanimously agreed that the best way to protect frontline services was to support a locally led merger with Dorset Fire Authority. There was overwhelming public support for this proposition as demonstrated by a public consultation exercise that was externally validated by the Consultation Institute as best practice. (N.B. full results, report and validation available on Wiltshire Fire and Rescue Service website).

Public Health Implications

29. None for the purposes of this report.

Environmental and Climate Change Considerations

30. None for the purposes of this report.

Equalities Impact of the Proposal

31. None of for the purposes of this report.

Risk Assessment

32. Failure to support the decision of the Wiltshire and Swindon Fire Authority may mean that the Secretary of State may be forced to hold an inquiry under the Fire and Rescue Service Act 2004. This may lead to significant delays, meaning that the financial situation faced by the Fire Authority will worsen with significant potential implications for frontline services in order to maintain financial solvency. This may also impact upon the strategic relationship with Dorset Fire Authority and jeopardise the £5.54m grant received from DCLG to help support the merger and deliver community safety centre(s) in Wiltshire and Swindon.

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Financial Implications

33. None for the purposes of this report, although the financial implications arising from this Council not supporting the locally led merger are significant to the Wiltshire and Swindon Fire Authority.

Legal Implications

34. Failure to support the decision of the Wiltshire and Swindon Fire Authority may mean that the Secretary of State may be forced to hold an inquiry under the Fire and Rescue Service Act 2004.

Options Considered

35. The business case considered by the Fire Authority initially considered a range of options that was distilled down into three principal options. These were:

Scenario 1: Remain independent and increase collaboration with Wiltshire Council and Swindon Borough Council.

Scenario 2: Remain independent and increase collaboration with Dorset Fire Authority while also collaborating with Wiltshire Council and Swindon Borough Council

Scenario 3: Merge with Dorset Fire Authority to create a single Combined Fire Authority while also collaborating with Wiltshire Council and Swindon Borough Council

N.B: All scenarios involve working more closely with the Police and other emergency services.

36. Extensive analysis was undertaken and led by the Treasurers for Wiltshire Council, Swindon Borough Council and Wiltshire Fire and Rescue Service to support Scenarios 1 and 2 of the business case. A full report of these savings was agreed by the Treasurers of this Council, Swindon Borough Council and my own Authority. They have been scrutinised and validated by auditors and was fully considered by my Authority at its November meeting. This work identified possible savings, of between £0.361m and £0.744m falling to Wiltshire and Swindon Fire Authority. This would come from back office sharing of services such as IT and Accountancy, as well as better use and sharing of depots. There would be upfront costs in some cases to achieve the savings, but it has been assumed these would be funded from the Fire Authority reserves, although at this stage it has not been possible to fully assess the extent of these costs and the timing of achieving these. Clearly though this would leave a significant shortfall in funding.

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37. The financial analysis scrutinised by the Wiltshire and Swindon Fire Authority indicated that a locally led merger with Dorset Fire Authority represented the most financially sustainable way forward. This was unanimously supported by the Wiltshire and Swindon Fire Authority. This is detailed in the main body of the report.

Conclusions

38. Like all public services the financial climate continues to generate the need for difficult decisions to be taken. As one of the lowest spending Combined Fire Authorities in England, the CFA is firmly of the belief that the best way forward to protect and to strengthen frontline services is to merge with Dorset Fire Authority. This was overwhelmingly supported by the public across all parts of Wiltshire and Swindon through a consultation exercise that was externally validated as following best practice. All of the issues raised at the October meeting of this Council have been fully addressed to the satisfaction of my own Fire Authority and that of Swindon Borough Council who raised the same concerns. It is the unanimous wish of the Fire Authority that this Council supports the application to proceed with the necessary Combination Order to create a new Combined Fire and Rescue Authority that would work closely with this Council and all key partners.

Report Author, Cllr. Christopher Devine, 6 February 2015

BACKGROUND PAPERS

The full business case, financial analysis and the results from the public consultation are openly available, along with a large number of supporting documents and external validation testimonials. Further information on the subject of this report can be obtained via Wiltshire Fire and Rescue Service's website or from Phil Chow, Brigade Manager and Treasurer to Wiltshire and Swindon Fire Authority (01380) 731150.

Appendices:

Appendix A Chairman's briefing from Treasurer to CFA December 2014

Appendix B Responses from Swindon, Dorset, Bournemouth and Poole constituent authorities