



Finance Committee briefing

The NFCC Finance Committee (FinCC) continues to develop its involvement in key areas of work with a collective aim to improve the financial position of the sector.

The current priorities in support of the NFCC plan and the strategic commitments which fall under the remit of the FinCC, are:

- Respond to the Fair Funding Review and develop a UK-wide evidence base for fire cost drivers.
- Represent the FRS in submissions to any Government Spending Reviews for fire.

To support these commitments there are several workstreams which the committee are leading on, the main ones are set out below and further information can be found in the Finance Section on the NFCC web site <https://www.nationalfirechiefs.org.uk/finance-documents>

Comprehensive Spending Review (CSR)

As previously reported work is ongoing to develop the sector response to this review, which we believe will be published in 2019. We are working closely with the Home Office to develop a joint approach in our submission to the Treasury. The submission will need to make a case for fire funding using an evidence-based approach. We have employed Kieran Timmins previously the Director of Finance in Merseyside FRS on a short-term contract to support us with this work together with the Somerset Technical Support Team. We will also need to call upon the sector expertise of other NFCC Committee Chairs to help us shape the case we are presenting by providing evidence in support of the cost drivers. We intend to have a first draft by early October with the final version ready in December.

Consultation on the Fair Funding Review

We continue to work with the MHCLG on developing the funding formula for Fire. This is part of a wider review of local government funding formulas. The fire formula has existed in its current state for many years and the work taking place is seeking to identify if the cost drivers in the formula are still relevant and if there are any new cost drivers, for example RTCs are not included in the formula but we know they have an impact on our resources. This work will report back to MHCLG in the next few weeks and a consultation with the sector is likely to take place later this year. Any changes to the formula are expected to be in place by 2020/21.

Technical Consultation

MHCLG have issued the technical consultation on the government's intended approach for the final year of the multi-year local government finance settlement. In the main it outlines the fourth year of the multi-year settlement offer, the Government's position on the New Homes Bonus threshold, proposals for council tax referendum principles for 2019-20 and proposals for dealing with the issue known as 'Negative Revenue Support Grant'. The FinCC is developing a response to this consultation which will ask for the flexibilities applied to the Police, some local authorities and councils to be also applied to the Fire sector. The full consultation can be found here.

<https://www.gov.uk/government/consultations/local-government-finance-settlement-2019-to-2020-technical-consultation>

Reserves Survey

We are continuing to see a negative narrative from the Government on the status of reserves in the sector. Whilst we do have substantial reserves the anecdotal evidence suggests these are diminishing rapidly and in only a few years they will be at a minimum tolerable level. Additionally, reserves have been used by most FRS to provide finance in the absence of any capital funding, unless the position changes we will struggle to fund any future transformation. To provide a clear and accurate picture we have sent out a sector reserves survey which will support our evidence base, we expect the data to be returned by the 31st July at which point we will be able to analyse and present back to the sector and Government.

Sector Survey

In developing our approach in building the case for fire funding it is important we have both current and relevant data. To enable this, we are carrying out a sector survey that will be issued shortly for completion by the end of August if possible. Because CIPFA returns and the HMICFRS data is mainly backwards looking, this survey should provide valuable information looking forwards. When all the survey information has been analysed we will share the critique on what it says with the sector.

HMRC Sector Compliance

We have held discussions with David Cannon the HMRC Sector Compliance Manager for Police and Fire & Rescue. We discussed the structures in the NFCC and HMRC and the opportunity to build our relationship, so we can get upstream of any issues. David identified several themes that they are interested in. These include; land and property, collaboration, subsidiary companies, termination payments, supply of staff and remuneration packages. David has agreed to come and talk to the Fire Finance Network at its meeting on 7th December about these areas and how we can work together to ensure compliance and a shared understanding of tax matters.

FinCC Vice Chair & Committee Review

As many of you will be aware Charles will be retiring next March and we are in the process of his succession planning and handover. The Vice Chair of the FinCC is the chair of the Fire Finance Network (FFN) by default and I am pleased to say that Amy Webb from Devon & Somerset FRS is taking over the Chair of the FFN and will become the new Vice Chair of the FinCC. However, recognising we all have other work to do outside of the committee I feel it will be appropriate to review the structure of the Committee in the New Year. This will give us an opportunity to identify how we can work together in most efficient way going forwards without having to place too much work on any one individual.