



Finance Briefing – Winter 2017

Introduction

As usual at this time of the year we have been focusing our attention on funding issues. Starting with the Chancellor's Budget on Wednesday 22 November through to the 2018/19 Provisional Finance Settlement for local government which we responded to on Friday 12 January, we have all been busy preparing our own budgets for next year. Set out over the few pages is an outline of some of the key issues we have been dealing with together with links to supporting documents which you may find useful. There is also a look forward to the main activities we will be running with in the coming months.

Chancellor's Budget

Hopefully you will have all received [a copy of the briefing](#) provided by the Somerset Technical Support Team (STST) which will be a regular feature going forward. If you wish to access the briefing it, together with some others referred to below, can be found on the [NFCC website](#).

Local Government Settlement Technical Consultation

Most colleagues will have seen [the response](#) to this consultation in which the NFCC sought greater flexibility around precepts and a copy of the response is on the NFCC website. This consultation is a regular aspect of the Finance Settlement process and no doubt we will be trying again next year but it is clear that the Sector needs to prepare its evidence backed case for funding earlier, and through the NFCC rather than in a fragmented way.

Announcement of the Provisional Finance Settlement for Local Government and Consultation

Reference is made in the introduction above that the [NFCC response](#) to the provisional settlement was sent off on Friday 12 January to meet the Government's deadline. The STST prepared [a summary of the Settlement](#) which was circulated to colleagues and this together with a copy of the NFCC's response is on the website. From the latter document, you can see that further efforts have been made to secure some additional flexibility around precepts but historically the odds are against any changes to the Settlement at this final stage in the process. However, we shall wait and see if there is any movement in the Government's position

Fair Funding Review Consultation

Over the next year there are going to be a number of consultation exercises and the publication of a series of technical papers leading to final options for needs and resources assessments in the spring of 2019 followed by the setting of baseline funding levels, together with transitional arrangements, in the autumn of 2019. The new arrangements will then come into effect for the 2020/21 financial year.

The current consultation relates to how relative needs should be measured and seeks responses covering such issues as the continuing use of regression analysis through to what cost drivers should be used for any future funding models. The deadline for responses is 12 March and the NFCC is currently preparing its submission.

Revised National Framework Consultation

The Government has recently started a consultation exercise which is due to finish on 12 March in time for introduction for the 2018/19 financial year. The revisions are the first since the Framework was last reviewed in 2012 and there will be a number of areas which the NFCC will no doubt be responding to. Of particular interest, will be the inclusion of the requirement to publish information on reserves.

Sound Bites

In our Autumn Newsletter mention was made of some work being done on developing some 'sound bites' which NFCC colleagues might wish to use if necessary. One such sound bite that has been produced with Home Office colleagues is around the [estimated cost of firefighter pay increases](#) which is attached. Further work that has been produced will be shared with colleagues at the next Fire Finance Network meeting as a final check before final clearance by the NFCC Finance Coordination Committee.

ESMCP

Finance presence at the Fire Customer Group (FCG) has been maintained jointly by West Midlands/Staffordshire/Hereford & Worcester. The focus has been on ensuring that FCG has sufficient robust information to support bids for funding Service project costs and the two specific concerns are:

- Funding in the extended project time-lines – in particular the commitment to extending Firelink grant.
- The actual costs of ESMCP on a like for like basis as the details of the commercial contract begin to emerge.

The dormant Finance Sub-Group, which has wider representation will reconvene soon to consider these matters in more detail. There has been some difficulty in obtaining a nationally representative view, but the group of willing finance volunteers covers the traditional governance service governance models.

Inspection

A re-invigorated CIPFA Fire Statistics Working Group has been working with HMICFRS to co-ordinate the production of relevant financial information to support the Inspection process. This has focussed on what is possible, given that completion of CIPFA stats is not mandatory and the avoidance of double collections. It has also tried to emphasise the difficulties in comparison between the different governance models. HMICFRS has established a Technical Advisory Group (TAG) as reference group for all data matters and this has membership from each NFCC Committee.

Future Activity for 2018

- **Preparing for the next Comprehensive Spending Review** – The current four year settlement runs out at the end of 2019/20 and during the next 18 months the NFCC will need to prepare its submission. This will be extremely important for the Sector as it will influence the share of whatever resources are available for the 2020/21 financial year and future years. It will also coincide with the introduction of the outcomes of the Fair Funding Review and the implementation of 75% Business rates retention.
- **Fair Funding Review** – Reference has already been made to the latest round of consultation on this subject. Currently, the NFCC is developing a technical paper with help from the Somerset Technical Support Team (STST), for submission to the Needs and Distribution Technical Working Group in May. To inform this paper the STST has produced a number of documents analysing the current arrangements including a critique of the fire formula and its needs and cost drivers. These documents are also available on the NFCC website.

<https://www.nationalfirechiefs.org.uk/write/MediaUploads/committee%20documents/Committee%20updates/Finance/9.2b. Winter Finance Newsletter Somerset TST Fire Briefing FFR - Technical Consultation.pdf>

<https://www.nationalfirechiefs.org.uk/write/MediaUploads/committee%20documents/Committee%20updates/Finance/9.2a. Winter Finance Newsletter Fair Funding Formula - Options Paper.pdf>

- **Sector survey** – As an immediate piece of work the STST is helping to produce an analysis of the current position on Fire and Rescue Authorities levels of reserves as there is a growing interest in them as reflected by the requirements of the revised National Framework. However, work is also starting on developing a Sector-wide survey to gather information and evidence to support the NFCC's Comprehensive Spending Review and other funding submissions and also use in the Fair Funding Review activities. It is currently planned to issue this in the summer but it is essential to ensure that it doesn't duplicate other NFCC data gathering activities and so some testing with the Sector will be necessary.

Conclusion

This is likely to be a very busy year as many of the activities outlined above will have an impact on the Sector's resourcing levels for many years to come, so it's important to get these right with good evidence to support positions taken by the NFCC.