



NFCC
National Fire
Chiefs Council

The professional voice of the
UK Fire & Rescue Service

Chief Fire Officers Association
9-11 Pebble Close
Amington
Tamworth
Staffordshire
B77 4RD

Telephone +44 (0)1827 302300
Fax +44 (0)1827 302399

Local Government Finance Settlement Team
Ministry for Housing, Communities and Local Government
2nd Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

NeedsAndResources@communities.gsi.gov.uk

2nd February 2018

Fair funding review: a review of relative needs and resources – Technical consultation on relative need

Dear Sir/Madam,

This letter represents the response from the National Fire Chiefs Council (NFCC) Finance Coordination Committee to the above fair funding consultation. The Committee also refers the Ministry to individual responses from fire and rescue authorities (FRAs).

The NFCC Finance Coordination Committee is currently preparing a paper to be presented to the May meeting of the Technical Working Group. This paper will include our thoughts on the current fire formula as well as any further measures that our members consider to be key drivers of need in the fire service. Consequently, this response does not provide an answer to all the individual consultation questions as many of them will be addressed in our technical paper.

We note the Ministry's aim of creating a simplified distribution mechanism through the use of a "foundation formula" with specific approaches for individual services, where needed. Whilst our members agree that the current funding mechanism is overly complex we do not necessarily believe that all of this complexity is due to the need formulae themselves. Instead, significant opaqueness is created by the "four block" mechanism and, more recently, the additional section 31 grants in compensation for ministerial interventions in the operation of non-domestic rates. Our members do not believe that for a formula to be transparent it must also be simplistic and would not support the implementation of an overly simple model that sacrificed fairness.

Section 5 of the consultation paper discusses the statistical techniques that could be used to weight the identified cost drivers. One of the methods outlined is expenditure based regression; the limitations of which have been discussed at recent working groups as well as within the consultation paper itself. The NFCC have concerns that relying on regressions to past expenditure would not address any *systemic* past under or over funding that may exist. Our members are keen to further examine small area modelling as a viable option and support the use of "expert opinions" as a sense-checking mechanism. Our members do not support the use of factor analysis or principal component analysis as appropriate methodologies for constructing a funding formula.

We hope you find this response helpful and look forward to further engagement with the Ministry through the Technical Working Group and discussions resulting from the expected technical papers.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Philip Hales', written in a cursive style.

Philip Hales
Deputy Chief Fire Officer
Chair of Finance Coordination Committee
National Fire Chiefs Council