

WILTSHIRE & SWINDON FIRE AUTHORITY

| | |
|-----------------------------|---|
| REPORT REFERENCE NO. | |
| MEETING | Wiltshire and Swindon Fire Authority |
| MEETING DATE | 11 November 2014 |
| SUBJECT OF REPORT | Strengthening Our Fire and Rescue Service - Full Business Case |
| LEAD OFFICER | Simon Routh-Jones, Chief Fire Officer and Chief Executive |
| RECOMMENDATIONS | <p>It is recommended that Members:-</p> <p>(1) consider the content of the business case entitled '<i>Strengthening our fire and rescue service</i>' and determine which of the following scenario's will secure an effective, efficient and financially viable fire and rescue service for the residents of Wiltshire and Swindon.</p> <ul style="list-style-type: none"> • Scenario 1 - Remain independent and increase collaboration with Wiltshire Council, 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. <p>N.B: All scenarios involve working more closely with the Police and other emergency services.</p> <p>The strong recommendation of both the Chief Fire Officer as Head of Paid Services and professional advisor to the CFA, together with the Service's Chief Finance Officer (as Treasurer (Section 112)) is the adoption of Scenario 3, which will give greater financial resilience to enable the organisation to maintain a safe, strong and sustainable service.</p> |

| | |
|---------------------------------|--|
| <p>EXECUTIVE SUMMARY</p> | <p>As part of the due diligence process associated with the development of the full business case a comprehensive public and stakeholder consultation programme has been undertaken. This has also been externally validated and deemed as 'good practice'.</p> <p>The scenarios within the business case have been assessed against the following strategic aims;</p> <ol style="list-style-type: none"> 1. Continue to be financially secure now and in the future to maintain front line services and in so doing 2. Maintain and where possible improve operational performance to strengthen front line services; and, 3. Maintain and where possible improve organisational performance and resilience. <p>The business case is set out against a wide range of parameters the options for change to support Members decision making.</p> |
| <p>APPENDICES</p> | <p>Appendix A - Strengthening Our Fire And Rescue Service - Full Business Case (November 2014).</p> <p>Please note that this document is supported by a range of background documents and assessments which are available on our website www.wiltshire.gov.uk.</p> |

Introduction

- 1 Using assumptions set out in our medium term finance plan, the Authority faces an annual budget shortfall of between £3.1m to £3.9m by 2017/18 estimated to grow to between £3.8m and £4.8m by 2018/19. A recent report by our external auditors (KPMG July 2014), has stated that 'it is clear that Management and the Authority need to urgently identify ways to bridge this deficit gap to ensure on-going financial resilience'. In a subsequent report to September's Finance Review and Audit Committee (Report to those charged with governance (ISA260) 2013/14) auditors have stated that 'current forecasts are that the Authority will fully deplete its reserves within 2-3 years unless urgent action is taken'.
- 2 Given that we are currently in the lower quartile for 'Expenditure per Head of Population' and 'Fire Precept Band D' for all CFAs in England and we have begun to use our financial reserves to support our current budgetary requirement, transformational change remains our only solution. Given the scale and speed of the required change, very significant actions are needed. It is against this background that the associated business case 'Strengthening Our Fire and Rescue Service' has been developed, to include a number of scenarios:-
 - 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.
- 3 Since December 2013, officers have undertaken an in-depth analysis of each of these scenarios using non-statutory guidance published from the Department of Communities and Local Government (DCLG). The scenarios have also been subject to a rigorous and externally validated public and stakeholder consultation. This has resulted in the full business case that is attached to this report.
 - 4 In formulating this business case, a large number of supporting documents and assessments have also been produced. These are available on the website to keep the main business case to a more manageable size and to reduce the costs of printing.
 - 5 External and internal audit opinion in respect of the departmental reviews and costing exercises that have been undertaken are included in the full business case.

Additional Information

- 6 Following the resolution on the 10 July additional detailed work has been undertaken by senior officers within Wiltshire Council, Swindon Borough Council and Wiltshire Police on Scenario 1. This information has been previously circulated to Members with the key findings incorporated within the business case.
- 7 As Members will be aware, a number of issues have been raised by Wiltshire Council at the meeting of their Full Council on 21 October (see also Emerging issues below). These are:
 1. How will the funding gap be bridged?
 2. How will the equalisation of precepts be dealt with and what the impact will be on Wiltshire residents.
 3. How it can be assured that key local decisions are not prejudiced by being out voted by the other constituent authorities?

Members have also been sent a briefing note by the Chairman to help to clarify the concerns that have been raised by Wiltshire Council.
- 8 Following receipt of the grant offer from DCLG additional work undertaken by officers confirms that a balanced budget may be set for 2018/19 if scenario 3 proves to be the preferred option using surplus financial reserves arising in 2017/18.
- 9 We are still awaiting written confirmation from the Fire Minister of her support for fire-precept harmonisation, which we hope to have available at the Authority meeting on the 11 November 2014.
- 10 Lastly, it would appear that Members of Dorset Fire Authority may have a positive view towards equalising democratic voting arrangements within a new Combined Fire Authority. This will be discussed at their meeting on the 4 November. The results of which will be made known to Members to further support this important decision.

Emerging Issues

- 11 During the latter stages of the consultation there were three key issues that stakeholders requested reassurance on. These issues were in respect of the process for harmonisation of council tax, the potential composition of the new authority and assurance regarding full information and evidence to support the final business case.

Harmonisation of Council Tax

- 12 Should both Fire Authorities decide to combine, then it will be necessary to harmonise levels of precept (band D council tax). The difference in precept between us and Dorset is currently £2.98 (but could be £4.32 by 2016/17, assuming both authorities continued to increase fire precept by 2% each year). There are three potential options for precept equalisation for the combination:

- Option A: Equalise to Dorset's band D council tax in April 2016; or
- Option B: Equalise to an average Wiltshire and Dorset band D council tax in April 2016: or
- Option C: Equalise band D council tax over a 5 year period.

- 13 Option A above could provide additional long-term funding of around £0.750m each year, based on a 2% precept increase. This would significantly reduce any remaining funding gap, particularly in the years after 2017/18 when we are still expecting further government funding reductions. Should the local referendum limit be reduced in 2015/16 and/or 2016/17, option 1 would reduce the financial risk to the combination.
- 14 Option B has no positive or negative impact on the future funding gap, based on a 2% precept increase. This option would be impacted by a reduction in the local referendum limit. A 1% change would make a difference of approximately £0.330m.
- 15 Option C would increase the funding gap faced by the new Authority, even on the best case assumption of a 2% increase in fire precept
- 16 The new CFA will be subject to local referendum principles, just like any other fire authority. For 2016/17 the new CFA's fire precept will be compared to a notional fire precept assuming the new CFA had existed in 2015/16. This notional fire precept is known as an 'Alternative Notional Amount' (ANA). There is no fixed process for calculating the ANA and this gives some scope to deal with issues around the harmonisation of the fire precept and the current difference between Wiltshire and Dorset. For instance, it may be possible to set the ANA for the new CFA at Dorset's fire precept for 2015/16. Both Chairmen and officers have been working with DCLG officials to agree on a timescale and approach for calculating the ANA. Ultimately the ANA will need Ministerial approval. More clarity on this should be available by the time of the Fire Authority Meeting.

The Potential Composition of the new Fire Authority

- 17 Throughout the consultation process, many of the constituent councils have sought reassurance regarding their level of representation on any new Fire Authority. Previously both Authorities have discussed a new Fire Authority of 28 where the existing numbers and proportionality of the existing Fire Authorities is combined.
- 18 A membership of 28 would comprise the existing membership of the Dorset Fire Authority (Dorset County Council = 8, Bournemouth Borough Council = 4, and Borough of Poole = 3), and also the existing membership of the Wiltshire and Swindon Fire Authority (Wiltshire Council = 9, and Swindon Borough Council = 4).
- 19 During discussions with local Fire Authority Members and respective constituent

councils, there have been a number of views regarding the potential need for equality of Members from each combined fire authority to a new Authority. There have also been assurances sought from constituent councils that the level of membership at least initially will remain at current levels. Conversely, some existing Fire Authority Members have suggested that a full Fire Authority of 28 may be too large.

- 20 Whilst there is no statutory limit on the size of the Fire Authority, there are many Combined Fire Authorities with 25 Members. This is particularly common where the Combined Fire Authority represents a large number (four or more) of constituent councils and therefore needs to ensure adequate representation. In terms of allocations, whilst DCLG officials have indicated that numbers and allocation is a matter for any new Combined Fire Authority, traditionally this has been done on the basis of the population share of the constituent council.
- 21 A pragmatic way forward to address all concerns and to maintain assurance to constituent councils may be to provide for an additional two Members comprising one new Member each nominated from Swindon and Wiltshire. Whilst this will take the full Authority to 30, the potential inclusion of a new Policy and Resources Committee would ensure that the new Fire Authority maintains agility and focus, particularly in the early years.

Full information and evidence to support business case report

- 22 In addition to the full business case in Appendix A, the following information can be viewed through our website:

- ◆ Statutory and legal compliance register
- ◆ Scenario 3: Draft vision statement
- ◆ Safer 2020 Strategic assessment
- ◆ Strengthening Our Fire and Rescue Service - Public consultation 2014
- ◆ Strategic options appraisal.
- ◆ Consultation report from Opinion Research Services to CFA 11 November 2014
- ◆ Transitional risk assessment for new CFA
- ◆ Risk assessments for all scenarios
- ◆ General financial reserves for new CFA
- ◆ People impact assessments for all scenarios
- ◆ Environmental assessments for all scenarios
- ◆ Audit reports on savings and investments from Swindon Borough Council, South West Audit Partnership and KPMG
- ◆ Joint Strategic Review of Partnership Savings.

Policy Implications

- 23 There will be a range of policy implications that will be dependent on the scenario that is chosen.

Risks

- 24 All of the risks associated with each of the scenarios are included within the business case.

HR, Equality and Diversity Implications

- 25 An Inclusivity Impact Assessment has been undertaken for each of the scenarios and these are included within the full business case.

Environmental Implications

- 26 An Environmental Impact Assessment has been undertaken for each of the scenarios and these are included in the full business case.

Financial and Legal Implications

- 27 The financial and legal implications associated with each of the scenarios have been included in the full business case as part of the due diligence process following further detailed work on all three scenarios. In summary, when compared against the best case scenario (£3.1m budget gap by 2017/18) these are:

1. Remain independent and increase collaboration with Wiltshire Council and Swindon Borough Council. Level of 'likely' savings by 2017/18 of £1.1 million within Wiltshire & Swindon leaving a remaining annual budget gap of £2 million.
2. Remain independent and increase collaboration with Dorset Fire Authority while also collaborating with Wiltshire Council and Swindon Borough Council. Level of 'likely' savings by 2017/18 of £1.2 million within Wiltshire & Swindon leaving a remaining annual budget gap of £1.9 million.
3. Merge with Dorset Fire Authority to create a single Combined Fire Authority while also collaborating with Wiltshire Council and Swindon Borough Council. Level of 'likely' savings by 2017/18 of £6 million joint savings annually allowing a balanced budget to be set in 2017/18 and 2018/19 using surplus reserves.

- 28 Members have entered into the consultation to consider all scenarios equally. It is their decision on the direction of Wiltshire FRS following consideration of the business case and the results from the public consultation.

It is a responsibility however, of both the Chief Fire Officer as Head of Paid Services and together with the Service's Chief Finance Officer (as Treasurer (Section 114)) to give their guidance and advice.

The strong recommendation of both officers is the adoption of Scenario 3, which will give greater financial resilience to enable the organisation to maintain a safe, strong and sustainable service.

Combination Implications

- 29 The final business case also includes an outline of the opportunities that will arise from the Government's announcement that the new Authority will be awarded £5.54 million from the fire transformational funding grant should scenario 3 prove to be the favoured option. The three areas of focus for this grant would be:

- Further strengthening the focus on prevention by extending the unique and award winning education facilities of Streetwise to the communities of

Wiltshire and Swindon and creating a multi-agency strategic hub in a central geographical location that provides easy access for partners. Subject to closer examination this could be integrated within Wiltshire Councils' campus strategy should this be the wish of Members.

- Harmonising our ICT infrastructure to assist in addressing the challenges of being a larger and predominantly rural Fire and Rescue Service
- Programme and specialist support to ensure a well-managed transition phase.

Recommendations

30 It is recommended that Members:-

(1) consider the content of the business case entitled '*Strengthening Our Fire and Rescue Service*' and determine which of the following scenario's will secure an effective, efficient and financially viable fire and rescue service for the residents of Wiltshire and Swindon.

- Scenario 1 - Remain independent and increase collaboration with Wiltshire Council, 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.

The strong recommendation of both the Chief Fire Officer as Head of Paid Services, together with the Service's Chief Finance Officer (as Treasurer (Section 112)) as professional advisors to the CFA, is the adoption of Scenario 3, which will give greater financial resilience to enable the organisation to maintain a safe, strong and sustainable service.

Unpublished documents used in the preparation of this report:

None

Author:

Simon Routh-Jones, tel. 01380 731104, email simon.routh-jones@wiltsfire.gov.uk
Phil Chow, tel. 01380 731150, email phil.chow@wiltsfiore.gov.uk

Media enquiries concerning this report should be made to:

Louise Knox, tel. 01380 731126, email louise.knox@wiltsfire.gov.uk