

Appendix B – Response to the Consultation

Question 1: Do you agree that the government should confirm the final year of the 4-year offer as set out in 2016-17?

The Authority agrees that the government should maintain the certainty provided by the four-year offer as set out in the 2016-17.

Question 2: Do you agree with the council tax referendum principles proposed by the Government for 2019-20?

The Authority recommends that fire and rescue authorities should be allowed increases in council tax of less than 3% or up to and including £12, whichever is higher.

There are a number of pressures on the finances of fire and rescue authorities:

- Although there has been a long term downward trend in the number of incidents attended, there has been an increase in the last few years, largely driven by the increase in non-fire incidents.
- Between 2015-16 and 2016-17 the total incidents attended nationally increased by 6% and increased by a further 1% between 2016-17 and 2017-18¹. 2016-17 was the first year that FRSs attended more non-fire incidents than fires².
- Fire and rescue authorities also need to be resourced based on risk, not just demand. Recent terrorist incidents and large scale fires such as the Grenfell fire demonstrate that authorities need to be able to respond to a range of incidents. It is also likely that a number of recommendations will come from the Grenfell enquiry that will place additional financial burdens on fire and rescue authorities.
- There is a recruitment and retention issue with retained/on-call firefighters and additional resources are needed to help with this issue.
- The amount of Revenue Support Grant provided to fire and rescue authorities has decreased significantly since 2015-16. For Buckinghamshire & Milton Keynes Fire Authority (BMKFA) the decrease between 2015-16 and 2019-20 is 57%. Beyond 2019-20 the Authority has no certainty over the level of grant it will receive.
- The government produces an analysis of core spending power to measure the impact of funding reductions on authorities. However, these figures ignore the fact that capital grant funding previously provided to fire and rescue authorities was removed after 2014-15. The total amount provided to the sector in 2014-15 (and also 2013-14) was £70m. The amount relating to BMKFA was £1.2m per annum³. This equates to over 4% of BMKFA's budget and this amount now has to be found from revenue each year in order to provide essential property, fleet, equipment and IT infrastructure. This is not sustainable longer-term.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732556/fire-and-rescue-incident-infographic-march-2018-hosb1618.pdf

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/636456/fire-and-rescue-incident-1617-hosb1317-infographic.pdf

- The current level of inflation is creating increased pressure on budgets. As of July 2018, the Retail Price Index (RPI [All Items]) shows that prices have increased by 3.2% over the past twelve months⁴. This is in excess of the 3% referendum limit.
- BMKFA has budgeted for pay awards of 1% per annum for the duration of the four-year settlement offer. However, the most recent offer to firefighters is 2% for 2018-19. For BMKFA a 2% pay award costs almost exactly the same as a 2% council tax increase would generate, leaving little other funding available to deal with any other cost pressures.
- In a written statement to Parliament on 6 September 2018⁵ it was announced that 'early indications are that the amount employers pay towards the [pension] schemes will need to increase'. Additional precept flexibility is required to fund this additional unavoidable burden.

Although the 3% referendum limit is not a 'cap' the cost of holding a referendum is prohibitive for fire and rescue authorities. The one referendum held so far, by Bedfordshire's Police and Crime Commissioner, is estimated to have cost £600,000⁶. BMKFA would have to increase its band D equivalent council tax by over 3% just to cover the cost of a referendum.

A number of other authorities currently have significant additional flexibility not available to fire and rescue authorities⁷.

- All shire districts are able to raise council tax by less than 3% or up to and including £5, whichever is higher. Since 2010-11 shire districts have on average increased their band D equivalent by £58.00.
- All PCCs are able to raise council tax by up to £12. Since 2010-11 PCCs have on average increased their band D equivalent by £30.43.
- Authorities with social care responsibility are able to increase council tax by up to 6% between 2017-18 and 2019-20, in addition to increases allowed in previous years. This has resulted in an average band D equivalent increase of £30.43.
- Parish councils currently have no referendum limit. Since 2010-11, parish councils have on average increased their band D equivalent by £19.12, which is a 43% increase.

By way of comparison, fire and rescue authorities have increased their average band D equivalent over the same period by between £8.05 and £11.27 (depending on type of authority).

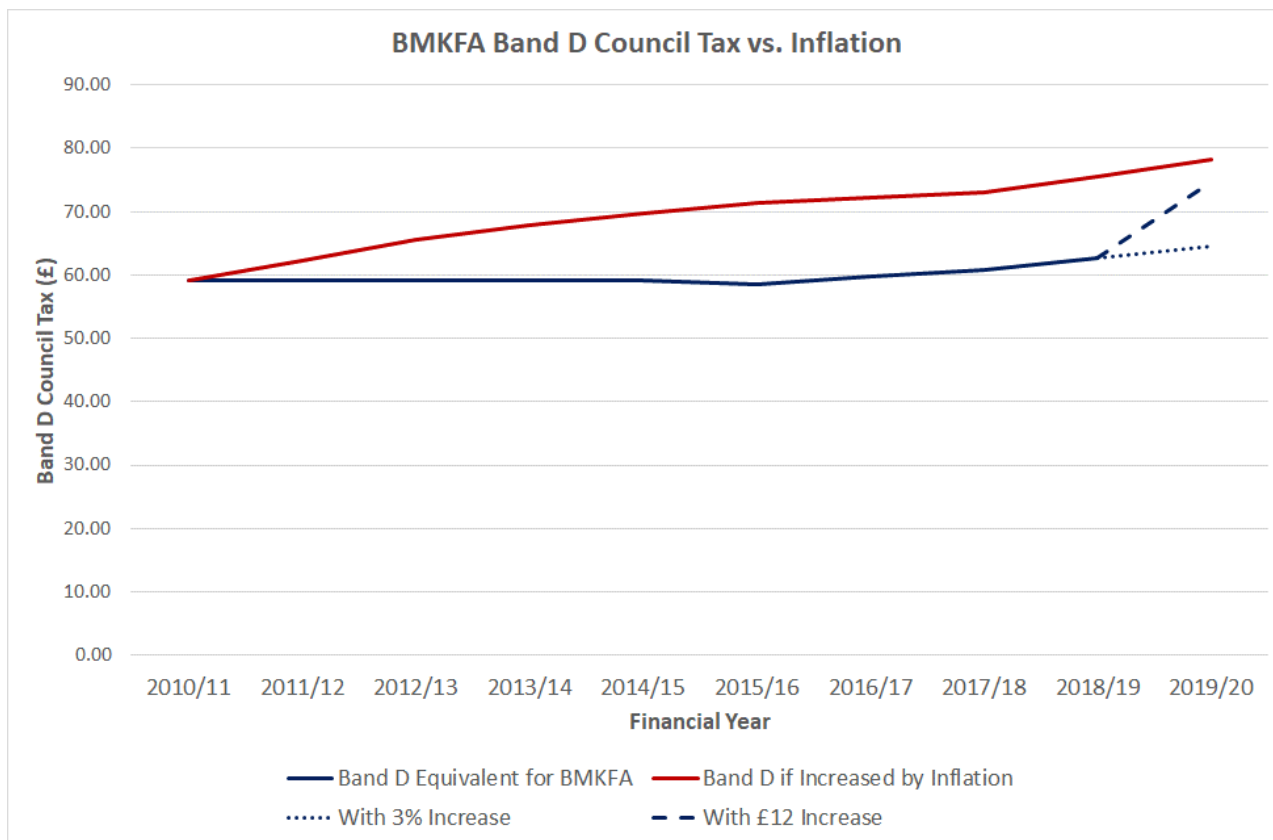
BMKFA has shown significant restraint regarding the level of council tax, increasing its band D equivalent by only £3.57 over the same period (an increase of approximately only 40p per year). Even if BMKFA was to increase council tax by £12 in 2019-20, the band D equivalent amount will still be significantly below the precept payable had it increased by the level of inflation each year:

⁴ <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/czbh/mm23>

⁵ <https://hansard.parliament.uk/Commons/2018-09-06/debates/18090633000015/PublicServicePensionSchemesQuadrennialValuations>

⁶ <http://researchbriefings.files.parliament.uk/documents/SN05682/SN05682.pdf> (page 7)

⁷ All council tax statistics sourced from <https://www.gov.uk/government/collections/council-tax-statistics>



BMKFA also had the option to increase council tax by up to £5 in 2013-14 but showed significant restraint in not taking the option to do so at the time. It seems inequitable that this financial prudence means we are penalised in the future.

BMKFA has already achieved significant savings over a number of years without closing a single fire station or removing a single operational appliance. However, this situation cannot continue without additional funding.

Fire and rescue authorities generally make up a very small percentage of the overall council tax bill for the area. In Buckinghamshire and Milton Keynes it is less than 4% of the total bill. A £12 increase for a fire and rescue authority would be dwarfed by any increases to the county/unitary, district, police and even some parish precepts. BMKFA has a lower precept (£62.70) than the average precept for a parish council (£64.05).

Also, restricting rises in council tax to percentage terms disproportionately disadvantages those with smaller precepts. If BMKFA was to increase their precept by £12 we would still be below the average for a combined fire and rescue authority.

The cost to the tax payer of a £12 increase for fire and rescue authorities will be on average less than 25p per week. In Buckinghamshire and Milton Keynes, 47%⁸ of dwellings will pay even less than this.

This proposal has the support of local MPs.

⁸ Based on tax base data from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/587691/LA_Drop_down_-_revised_Jan.xlsx

Question 3: Do you agree with the Government's preferred approach that Negative RSG is eliminated in full via forgone business rates receipts in 2019-20?

No comment.

Question 4: If you disagree with the Government's preferred approach to Negative RSG please express your preference for an alternative option. If you believe there is an alternative mechanism for dealing with Negative RSG not explored in the consultation document please provide further detail.

No comment.

Question 5: Do you have any comments on the impact of the proposals for the 2019-20 settlement outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

No comment.