

Sandwell Metropolitan Borough Council

10 March 2020

West Midlands Fire and Rescue Authority

Report by Councillor John Edwards

1. Revenue finances

At the meeting of West Midlands Fire and Rescue Authority (WMFRA) on 17th February the Authority set a revenue budget for 2020/2021 of £100.147 million supported by Council Tax income of £44.485 million and a Band D property precept increase of 1.99%. Even taking into account this increase, WMFRA still sets the lowest precept level in England with a Band D property paying £61.81 a year or £1.10 a week for their fire and rescue service. However, the vast majority of homes in the West Midlands are in Bands A, B and C, so most households pay a lower figure.

For the first time in 10-years this year's revenue budget does not necessitate any cuts in spending. Our slightly improved grant settlement from government allows for additional investment in the service of £2 million. However, this is a one year settlement only, and the fire and rescue sector is very concerned that no further protection for fire services has been indicated in recent government announcements.

There are also considerable pension liabilities of £1.5 million hanging over WMFRA as a result of successful legal action against the government who were found to have behaved unlawfully in making changes to previous pension arrangements including the retirement age and protections. The remedies needed to correct the unlawful changes are still under discussion nationally and we await the outcome.

Further pension liabilities resulting from national changes in contributions amount to £125 million across all UK fire services and £6.2 million in the West Midlands. In 2020/2021 government are funding £5.7 million of this amount locally but no commitment has been given for future years. If the whole of the liability of £6.2 million were to fall on WMFRA next year it could only be funded by firefighter redundancies and the closure of fire stations.

2. Capital Funding

WMFRA has also agreed a capital programme for 2020/2021 of £6.564 million wholly funded by WMFRA earmarked revenue reserves. Yet again the government is failing to provide any capital funding.

Capital spending requirements in 2021 include the replacement of fire appliances and support vehicles, Coventry fire training house, thermal imaging cameras and essential repair works to fire stations. The new build at Aston fire station is now complete but there are no capital resources for any further station replacements even though some of our current stations date back to the 1930's and 1950's.

3. Service Investment

Because of the very uncertain financial position in future years around government funding (both revenue and capital) and the potential significant pensions liabilities, WMFRA exercised caution in allocating the additional revenue investment of £2 million.

We treated this as very much a one year opportunity and limited it to schemes which would have no ongoing revenue liabilities:

- £.750 million will be used to prevent the planned use of balances intended for 2020/2021

- £.250 million will be used on digital services to enhance operational capability

- £1 million will be used to improve fire appliance availability to support emergency response, prevention and protection services. The increased crewing will come from increasing the voluntary additional shifts carried out by firefighters. There will be no increase in the established numbers of staff but we will continue to recruit new firefighters to replace those who retire or otherwise leave the service.

4. General Balances and Reserves

There has been regular criticism during the last decade from a succession of government Fire Ministers about the levels of reserves and general balances held by the fire sector in general and WMFRA in particular. At the same time, of course, the same Ministers were busy planning unprecedented cuts to the fire and rescue service which they delivered in every year from 2011 to 2019. During this time WMFRA lost 50% of Government revenue support grant (£38 million in cash terms) and all capital spending was withdrawn.

If Chief Officers, Treasurers and Fire Authorities had not planned intelligently in the expectation of this then fire and rescue service would have been decimated. General balances were accumulated to provide support for diminishing revenue budgets and earmarked reserves were used to support an essential capital programme. This approach has enabled a phased reduction in the service over a decade of Conservative government cuts and has enabled a soft landing during a period that would have otherwise seen our essential blue light emergency service crash.

But balances and reserves can only be used once and are shrinking rapidly due to the prolonged period of austerity now regarded by many economists as unnecessary and damaging. The forecast is that by the end of year 2020/2021 and going forward, general balances will have fallen to £6 million, the minimum recommended for an Authority with a revenue budget of £100 million. At that point the government will need to make sufficient funding available for current service requirements. Further significant cuts with no general balances to offset them will reduce the fire and rescue service available in the West Midlands.

The capital programme requirement for the Fire Authority over the next three years totals £15.125 million, funded entirely from WMFRA earmarked reserves. This spend is essential to create a hot-house training facility at Coventry fire station, ongoing repairs and refurbishments at ageing fire stations, investments and updates in IT and replacing end-of-life fire appliances and support vehicles. After 2022/2023 the Fire Authority earmarked reserves for capital purposes will be spent and unless the government at that point makes capital spending available borrowing will be necessary to fund future capital spending.

5. Performance figures

At the time of compiling this report the Data warehouse at WMFRA was malfunctioning and the performance information which usually forms part of this report was unobtainable.

I will however ensure that when the information becomes retrievable again it is made available for circulation to Members.

Cllr John Edwards,
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