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This circular is	<b>For information</b>	No response required	
This circular is	<b>Not relevant to the National Framework</b>		
Status	<b>Information on payment of the transitional funding for fire and rescue authorities.</b>		

# *Transitional Funding and Pay Verification Grant for Fire and Rescue Authorities.*

Issued by:

**Fire Service Improvement Team.  
Fire and Rescue Services Directorate.  
Office of the Deputy Prime Minister.**

Addressed to:

**The Commissioner of the London Fire and  
Emergency Planning Authority  
The Chief Fire Officer.**

Please forward to:

**Chief Finance Officers.**

Summary

This circular gives details of a grant to be made to fire and rescue authorities comprising of transitional funding of £30 million and a grant to compensate fire and rescue authorities for the audit fees they incurred as a result of the second phase of the Audit Commission's pay verification exercise.

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### 1.0 Introduction

- 1.1 This circular provides information about a grant to be paid to fire and rescue authorities in England and Wales. The grant comprises of two elements - firstly it is a means through which fire and rescue authorities in England and Wales will receive their share of the £30m transitional funding for the pay and modernisation deal. Secondly, it is a means through which fire and rescue authorities in England are reimbursed for the total of £810 000 fees charged them by the Audit Commission for the second Pay Verification study which took place in June 2004.

### 2.0 Background

- 2.1 The Government's position has always been that any pay increase over and above existing provision must be met from efficiencies. The costs of the pay award should be met from the resources available to fire and rescue authorities without making unreasonable calls on the council tax payer. The average council tax increase in England in 2004/05 was 5.9%. The Government expects authorities to do even better in 2005/06. The Government has made it clear that it is prepared to use its powers to cap excessive council tax increases, including fire and rescue authorities'.
- 2.2 However, the Government recognised that there may be a lag between costs and savings of modernisation so agreed to provide £30m transitional funding to fire and rescue authorities in England and Wales, subject to satisfactory progress on modernisation, including efficiency savings, and pay negotiations. The Government is now satisfied that sufficient progress has been made. This circular confirms that the Government will now pay the transitional funding.
- 2.3 The Government has always made it clear that the transitional funding should be repaid in full within the SR02 period [by 31<sup>st</sup> March 2006]. That said, the Government recognises that there have been delays in the pay and modernisation process and that, amongst other things, this could mean that it will be seeking to recoup the transitional funding less than a year after it has been distributed to authorities. The LGA has therefore suggested that the transitional funding not be recouped until 2006/07. To consider this option, the Government would require clear evidence both that deferment is needed and that authorities would then be able to repay the funding in 2006/07. The service, its fire and rescue authorities, together with the LGA and CFOA are uniquely positioned to provide the credible evidence base necessary to make the case for deferment but have yet to do so.
- 2.4 The only practical option identified thus far for recouping this money from English authorities with responsibility for fire and rescue services is to reduce the 2005/06 local government finance settlement for those authorities. Recouping the funding from Welsh authorities with responsibility for fire and rescue services will be the responsibility of the National Assembly for Wales.

2.5 In January of 2004, in response to a request from the LGA, the Office of the Deputy Prime Minister agreed to refund all fire and rescue authorities in England the fees they would be charged for the second phase of the Audit Commission's pay verification exercise. We announced that we would make this grant with the transitional funding and that this part of the grant would not be repaid to central government.

### 3.0 The transitional funding and pay verification grant.

3.1 The transitional funding and pay verification grant is made to fire and rescue authorities in England and Wales in accordance with the provisions set out in Sections 31 and 32 of the Local Government Act 2003.

3.2 The grant determination which sets out the conditions of payment and the amount that each fire and rescue Authority will receive is attached. Fire and rescue authorities were made aware of the amount of transitional funding that they would receive in Fire Service Circular 22/2003.

3.3 The amount of grant each authority receives to cover the costs of the pay verification work has been calculated according to the fees that the Audit Commission announced they would charge each authority in a letter to Chief Fire Officers entitled *Study on Fire Modernisation - Notification of Phase Two* issued in April 2004.

### 4.0 Payment Arrangements.

4.1 The Office of the Deputy Prime Minister is responsible for making the grant payments to each fire and rescue authority according to the sums set out in the grant determination. Fire and rescue authorities will be paid automatically and do not need to contact ODPM to arrange payment.

4.2 The payment of the grant will be made to fire and rescue authorities on 29<sup>th</sup> October 2004.

**Richard Greenhous.**

Fire Service Improvement Team.

Office of the Deputy Prime Minister.

**THE TRANSITIONAL FUNDING AND PAY VERIFICATION GRANT  
DETERMINATION 2004 No 31/17.**

The Minister of State for Local and Regional Government (“the Minister of State”), in exercise of the powers conferred on him by section 31 and Section 32 of the Local Government Act 2003, hereby makes the following determination:-

**Citation**

- 1) This determination may be cited as the Transitional Funding and Pay Verification Grant Determination 2004 No 31/17.

**Purpose of the grant**

- 2) The purpose of the grant is to provide support to receiving authorities in England and Wales towards expenditure lawfully incurred or to be incurred by them.

**Determination**

- 3) The Minister of State determines as the authorities to which grant is to be paid "the receiving authorities" and the maximum amount of grant to be paid, the authorities and amounts set out in Annex A.
- 4) For the purposes of this grant, the Greater London Authority is required to transfer the grant it receives to the London Fire and Emergency Planning Authority.

**Treasury consent**

- 5) Before making this determination in relation to receiving authorities in England, the Minister of State obtained the consent of the Treasury.

Signed by authority of the Minister of State for Local and Regional Government



A senior civil servant within the Office of the Deputy Prime Minister  
27 October 2004

**ANNEX A**

**Distribution of the Transitional Funding and Pay Verification Grant Between Fire Authorities in England and Wales.**

<b>Authority</b>	<b>Maximum amount of Transitional Funding 04/05. (£m)</b>	<b>Maximum amount of Pay Verification Grant 04/05 (£m)</b>	<b>Maximum amount of Transitional Funding and Pay Verification Grant 04/05 (£m)</b>
Avon Fire Authority	0.583	0.0165	0.5995
Bedfordshire and Luton Combined Fire Authority	0.286	0.01815	0.30415
Royal Berkshire Fire Authority	0.413	0.01815	0.43115
Buckinghamshire and Milton Keynes Fire Authority	0.328	0.01815	0.34615
Cambridgeshire and Peterborough Fire Authority	0.338	0.01815	0.35615
Cheshire Fire Authority	0.471	0.0165	0.4875
Cleveland Fire Authority	0.436	0.0165	0.4525
Cornwall Fire Authority	0.304	0.0165	0.3205
Cumbria Fire Authority	0.265	0.0165	0.2815
Derbyshire Fire Authority	0.456	0.019	0.475
Devon Fire Authority	0.572	0.0165	0.5885
Dorset Fire Authority	0.345	0.0165	0.3615
County Durham and Darlington Fire and Rescue Authority	0.311	0.0165	0.3275
East Sussex Fire Authority	0.396	0.01815	0.41415
Essex Fire Authority	0.821	0.019	0.84
Gloucestershire Fire Authority	0.256	0.016.5	0.256

## Transitional Funding and Pay Verification Grant for Fire and Rescue Authorities.

Greater Manchester Fire and Civil Defence Authority	1.528	0.0209	1.5489
Hampshire Fire and Rescue Authority	0.787	0.019	0.806
Hereford & Worcester Fire Authority	0.327	0.0165	0.3435
Hertfordshire Fire Authority	0.536	0.01815	0.55415
Humberside Fire Authority	0.559	0.0165	0.5755
Isle of Wight Council	0.088	0.0209	0.1089
Isles of Scilly Council	0.007	0.003	0.01
Kent and Medway Towns Fire Authority	0.785	0.019	0.804
Lancashire Combined Fire Authority	0.761	0.0209	0.7819
Leicester, Leicestershire and Rutland Combined Fire Authority	0.438	0.0165	0.4545
Lincolnshire Fire Authority	0.294	0.0165	0.3105
The Greater London Authority for the London Fire and Emergency Planning Authority	5.721	0.023076	5.744076
Merseyside Fire and Civil Defence Authority	0.927	0.0209	0.9479
Norfolk Fire Authority	0.383	0.0165	0.3995
North Yorkshire and City of York Combined Fire Authority	0.362	0.0165	0.3785
Northampton Borough Council	0.284	0.0165	0.3005
Northumberland Fire Authority	0.179	0.0165	0.1955
Nottinghamshire and City of Nottingham Combined Fire Authority	0.512	0.0165	0.5285

## Transitional Funding and Pay Verification Grant for Fire and Rescue Authorities.

Oxfordshire Fire Authority	0.285	0.01815	0.30315
Shropshire Fire Authority	0.201	0.0165	0.2175
Somerset Fire Authority	0.234	0.0165	0.2505
South Yorkshire Sheffield City Council	0.745	0.0209	0.7659
Stoke on Trent and Staffordshire Combined Fire Authority	0.465	0.0165	0.4815
Suffolk Fire Authority	0.312	0.0165	0.3285
Surrey Fire Authority	0.569	0.01815	0.58715
Tyne and Wear Fire and Civil Defence Authority	0.735	0.0209	0.7559
Warwickshire Fire Authority	0.244	0.0165	0.2605
West Midlands Fire and Civil Defence Authority	1.650	0.0209	1.6709
West Sussex Fire Authority	0.350	0.01815	0.36815
West Yorkshire Fire and Civil Defence Authority	1.212	0.0209	1.2329
Wiltshire Fire Authority	0.268	0.0165	0.2845
Mid and West Wales Fire Authority	0.48761133		0.48761133
North Wales Fire Authority	0.38238161		0.38238161
South Wales Fire Authority	0.80000706		0.80000706