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Consultation on the Distribution of Fire Capital Grant

Issued by:

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Addressed to:

The Chair of the Fire and Rescue Authority
The Chief Executive of the County Council
The Clerk to the Fire and Rescue Authority
The Clerk to the Combined Fire and Rescue Authority
The Commissioner of the London Fire and Emergency Planning Authority
The Chief Fire Officer

Please forward to:

Treasurers
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Summary

This circular invites FRAs to comment on the options for the distribution of capital grant in 2009/10 and 2010/11.

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Consultation on the Distribution of Fire Capital Grant

1.0 Introduction

- 1.1 As part of the CSR07 settlement Communities and Local Government (CLG) secured new capital grant funding for the Fire and Rescue Service (FRS) in England. This replaces investment previously delivered by the FRS Private Finance Initiative Programme.
- 1.2 This consultation paper proposes three options for the distribution of the grant between all English Fire and Rescue Authorities (FRAs).
- 1.3 You are invited to submit any comments or suggestions you have on these options by **25 July 2008**. Please e-mail them, clearly marked 'Capital Grant Consultation', to Danielle.ward@communities.qsi.gov.uk. A summary of responses to this consultation will be published on the CLG website.
- 1.4 Grant allocations for financial years 2009/10 and 2010/11 will be announced once final decisions have been taken in relation to this consultation. When announced, the allocations for 2010/11 will be made on an indicative basis, but it is the Government's policy only to alter those indicative allocations in exceptional circumstances.

2.0 Background

- 2.1 In CSR07, CLG bid for additional capital resources for the FRS. The bid was successful and £78m will be distributed to FRAs in 2009/10 and 2010/11 by one of the methods outlined in this paper.
- 2.2 Together with PFI credits and Supported Capital Expenditure (SCE) it is envisaged that this £78m in capital grant will allow FRAs to take forward additional investment to improve the FRS estate, support Integrated Risk Management (IRMP) development and improve working conditions for staff, including provision of facilities which will help meet their equality and diversity targets.
- 2.3 In addition, a further £2m will be available to support FRAs that choose more challenging equality and diversity targets (see <http://www.communities.gov.uk/news/corporate/811726>). Further guidance on the arrangements for distribution of this pot this will issued in due course.
- 2.4 The £78m capital grant represents 'new' money which is paid 'up-front' and will not involve borrowing. With the exception of a requirement that the capital grant only be used for capital expenditure, the grant will not be ringfenced and it will be distributed directly to FRAs each year without the need for them to apply or bid for it.

3.0 Capital grant distribution criteria

- 3.1 CLG have reviewed various distribution formula options and modelled the outcomes. In looking at options we have focussed on the need to provide a meaningful grant level to all authorities. We were also looking to achieve a transparent formula and one which will not conflict with the approach taken in relation to Formula Grant. In addition our criteria included a formula which was simple but fair and robust with regard to weightings or other factors.

3.2 It is possible that the provision of a capital grant in CSR07 will provide a baseline for future capital funding beyond the current review period. We are therefore looking to arrive at a method that could become the basis for ongoing capital grant provision, although any distribution method has the potential for review.

4.0 Options

4.1 Having established the criteria, we are proposing the following three options for consultation:

- a) **Distribution according to the existing formula for Supported Capital Expenditure.**
- b) **Distribution according to the number of building assets owned by the authority.**
- c) **An allocation of a fixed sum, £0.5m per year, to every authority with the balance distributed according to population.**

The resulting distributions are shown in Annex A.

4.2 CLG's preferred allocation method is option 'C'. We consider that this option, which provides a fixed figure plus a top-up based on population, delivers sufficient funding to provide a meaningful level of investment for every FRA and which meets the criteria in paragraphs 3.1 and 3.2 above.

5.0 Further Detail

5.1 **Option A. Distribution according to the existing formula for Supported Capital Expenditure (SCE).** The SCE formula for capital distribution already exists and is based on a long-standing formula. The formula first divides the total provision between the metropolitan authorities and non-metropolitan authorities, 49.9% and 50.1% respectively, based on historical capital spend factors. Each non-metropolitan authority is then allocated a proportion of the non-metropolitan element on the basis of relative population (except for the Isles of Scilly, which, by special agreement with the LGA, is always allocated £9,000). The population figures that have been used for both financial years are the ONS 2006 mid-year estimates. The Metropolitan authorities' total is then distributed according to the number of fire stations, appliances and staff that each authority had at the time. The agreed percentages are London 36.5%, Greater Manchester 12.8%, Merseyside 9.2%, South Yorkshire 8.0%, Tyne and Wear 6.2%, West Midlands 12.9% and West Yorkshire 14.4%.

5.2 If these grants continue into future years then the latest mid-year estimates available at the start of the three-year local government finance settlement would be used in the distribution for all three years of the settlement.

- 5.3 Option B. Distribution according to the number of building assets (in this case, fire stations) owned by the authority.** This option would quite specifically reflect estate management as a driver of modernisation. The aim is to help FRAs improve their estate, provide community facilities, facilitate IRMP change and support equality and diversity. Grant would be distributed according to the numbers of fire stations identified by FRAs in the OP7 statistical returns to CLG for 2006/07. Wholetime fire stations are given a weighting of twice retained stations. If this option was chosen this base data would be fixed. That is, the same data set would be used if required for the distribution of any future grant.
- 5.4 Option C. An allocation of a fixed sum, £0.5m per year, to every authority and distribution by population of the remainder.** This ensures that every FRA will be guaranteed a minimum allocation of over £1m over the two years providing each authority with a meaningful investment to enable an estate strategy. The remainder will be distributed to each FRA for each year according to their mid-year population estimate for 2006. It is further proposed that if these grants continue into future years then the latest mid-year estimates available at the start of the three-year local government finance settlement would be used in the distribution for all three years of the settlement.
- 5.5** We are proposing that the Isles of Scilly is allocated £50,000 per annum under each option.

6.0 Questions to be considered

- 6.1** The following questions could be used to structure your response; however CLG would welcome any comments or suggestions on the distribution of FRS capital grant.

Q1 *Do you agree with the criteria used for establishing an equitable distribution of the capital grant?*

Q2 *Which of the above options would you prefer CLG to use as the method for distributing FRS capital grant?*

Q3 *Are there other options that you would have preferred that were not included in this consultation?*

Q4 *Are there any drawbacks to the CLG preferred option (Option C)?*

Q5 *In option C, do you consider £0.5m a suitable level for the fixed portion of the grant? If not, what level would you think appropriate?*

Q6 *If option B were chosen, do you think fire stations would be the most appropriate building asset to use?*

Q7 *In option B, should the buildings data be updated at each settlement or would this act a perverse incentive when FRAs take decisions on their estate?*

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Programmes, Finance and Performance Division

ANNEX A

Option A: SCE formula			£
	2009/10	2010/11	TOTAL
GLA - fire	6,208,267	8,036,917	14,245,184
West Yorkshire Fire	2,449,289	3,170,729	5,620,018
West Midlands Fire	2,194,155	2,840,445	5,034,599
Greater Manchester Fire	2,177,146	2,818,426	4,995,571
Merseyside Fire	1,564,823	2,025,743	3,590,567
South Yorkshire Fire	1,360,716	1,761,516	3,122,232
Tyne and Wear Fire	1,054,555	1,365,175	2,419,730
Hampshire Fire Authority	889,652	1,151,699	2,041,351
Essex Fire Authority	878,611	1,137,407	2,016,017
Devon & Somerset Fire	863,256	1,117,528	1,980,784
Kent Fire Authority	860,013	1,113,330	1,973,343
Lancashire Fire Authority	762,726	987,387	1,750,113
Surrey	570,984	739,168	1,310,152
Staffordshire Fire Authority	558,994	723,647	1,282,641
Hertfordshire	556,956	721,007	1,277,963
Nottinghamshire Fire Authority	555,314	718,882	1,274,195
Avon Fire Authority	548,184	709,652	1,257,836
Cheshire Fire Authority	526,071	681,025	1,207,096
Derbyshire Fire Authority	521,073	674,555	1,195,628
Leicestershire Fire Authority	506,700	655,949	1,162,649
Humburside Fire Authority	476,121	616,363	1,092,484
Norfolk	437,975	566,980	1,004,955
Berkshire Fire Authority	429,260	555,699	984,960
North Yorkshire Fire Authority	412,138	533,534	945,673
West Sussex	405,534	524,984	930,518
East Sussex Fire Authority	398,624	516,039	914,663
Cambridgeshire Fire Authority	396,109	512,783	908,892
Hereford and Worcester Fire Authority	384,475	497,723	882,198
Buckinghamshire Fire Authority	374,677	485,038	859,715
Suffolk	369,364	478,160	847,524
Dorset Fire Authority	368,862	477,511	846,374
Lincolnshire	361,029	467,370	828,399
Northamptonshire	352,036	455,728	807,764
Wiltshire Fire Authority	334,265	432,723	766,988
Oxfordshire	332,515	430,457	762,972
Durham Fire Authority	315,708	408,700	724,408
Bedfordshire Fire Authority	310,780	402,321	713,101
Gloucestershire	304,436	394,108	698,544
Cleveland Fire Authority	293,690	380,196	673,886
Cornwall	275,821	357,064	632,885
Warwickshire	274,763	355,694	630,457
Cumbria	261,041	337,931	598,971
Shropshire Fire Authority	237,379	307,299	544,678
Northumberland	163,030	211,051	374,081
Isle of Wight Council	72,886	94,354	167,240
Isles of Scilly	50,000	50,000	100,000

Consultation on the Distribution of Fire Capital Grant

Option B: Buildings			£
	2009/10	2010/11	TOTAL
GLA - fire	3,633,445	4,703,679	8,337,124
Devon & Somerset Fire	1,540,970	1,994,864	3,535,834
Kent Fire Authority	1,443,645	1,868,872	3,312,518
West Yorkshire Fire	1,330,100	1,721,882	3,051,983
Greater Manchester Fire	1,313,880	1,700,884	3,014,763
West Midlands Fire	1,281,438	1,658,887	2,940,325
Essex Fire Authority	1,103,010	1,427,903	2,530,913
Hampshire Fire Authority	1,070,569	1,385,905	2,456,474
Lancashire Fire Authority	989,465	1,280,913	2,270,377
Merseyside Fire	843,478	1,091,925	1,935,404
North Yorkshire Fire Authority	778,595	1,007,931	1,786,527
Norfolk	762,375	986,933	1,749,307
Hertfordshire	746,154	965,934	1,712,088
Humbly Grove Fire Authority	713,712	923,937	1,637,649
Lincolnshire	713,712	923,937	1,637,649
Cumbria	697,492	902,938	1,600,430
Derbyshire Fire Authority	697,492	902,938	1,600,430
Suffolk	681,271	881,940	1,563,211
South Yorkshire Fire	665,050	860,941	1,525,991
Staffordshire Fire Authority	665,050	860,941	1,525,991
Surrey	665,050	860,941	1,525,991
Cheshire Fire Authority	616,388	797,946	1,414,333
Cornwall	616,388	797,946	1,414,333
Nottinghamshire Fire Authority	600,167	776,947	1,377,114
West Sussex	600,167	776,947	1,377,114
East Sussex Fire Authority	583,946	755,948	1,339,895
Hereford and Worcester Fire Authority	567,726	734,950	1,302,676
Avon Fire Authority	551,505	713,951	1,265,456
Cambridgeshire Fire Authority	551,505	713,951	1,265,456
Dorset Fire Authority	551,505	713,951	1,265,456
Tyne and Wear Fire	535,284	692,953	1,228,237
Berkshire Fire Authority	502,843	650,956	1,153,798
Wiltshire Fire Authority	502,843	650,956	1,153,798
Buckinghamshire Fire Authority	486,622	629,957	1,116,579
Northamptonshire	486,622	629,957	1,116,579
Oxfordshire	486,622	629,957	1,116,579
Leicestershire Fire Authority	470,401	608,958	1,079,360
Shropshire Fire Authority	421,739	545,963	967,702
Warwickshire	421,739	545,963	967,702
Cleveland Fire Authority	389,298	503,966	893,263
Gloucestershire	389,298	503,966	893,263
Northumberland	389,298	503,966	893,263
Durham Fire Authority	373,077	482,967	856,044
Bedfordshire Fire Authority	340,635	440,970	781,605
Isle of Wight Council	178,428	230,984	409,412
Isles of Scilly	50,000	50,000	100,000

Consultation on the Distribution of Fire Capital Grant

Option C: £0.5m + population			£
	2009/10	2010/11	TOTAL
GLA - fire	2,194,548	3,674,503	5,869,051
West Midlands Fire	1,086,490	1,598,709	2,685,199
Greater Manchester Fire	1,076,063	1,579,175	2,655,238
West Yorkshire Fire	987,506	1,413,276	2,400,782
Hampshire Fire Authority	881,419	1,214,536	2,095,955
Essex Fire Authority	876,686	1,205,669	2,082,354
Devon & Somerset Fire	870,102	1,193,336	2,063,438
Kent Fire Authority	868,712	1,190,731	2,059,443
Lancashire Fire Authority	827,002	1,112,594	1,939,596
Merseyside Fire	805,328	1,071,989	1,877,317
South Yorkshire Fire	791,629	1,046,328	1,837,957
Tyne and Wear Fire	745,323	959,579	1,704,902
Surrey	744,797	958,594	1,703,391
Staffordshire Fire Authority	739,657	948,964	1,688,621
Hertfordshire	738,783	947,327	1,686,109
Nottinghamshire Fire Authority	738,079	946,008	1,684,087
Avon Fire Authority	735,022	940,282	1,675,304
Cheshire Fire Authority	725,542	922,521	1,648,063
Derbyshire Fire Authority	723,399	918,507	1,641,906
Leicestershire Fire Authority	717,237	906,963	1,624,200
Humburside Fire Authority	704,127	882,403	1,586,530
Norfolk	687,772	851,765	1,539,538
Berkshire Fire Authority	684,036	844,766	1,528,803
North Yorkshire Fire Authority	676,696	831,015	1,507,710
West Sussex	673,864	825,710	1,499,574
East Sussex Fire Authority	670,902	820,161	1,491,062
Cambridgeshire Fire Authority	669,823	818,140	1,487,963
Hereford and Worcester Fire Authority	664,836	808,797	1,473,632
Buckinghamshire Fire Authority	660,635	800,927	1,461,562
Suffolk	658,357	796,660	1,455,017
Dorset Fire Authority	658,142	796,257	1,454,399
Lincolnshire	654,783	789,965	1,444,749
Northamptonshire	650,928	782,742	1,433,670
Wiltshire Fire Authority	643,309	768,470	1,411,779
Oxfordshire	642,559	767,064	1,409,622
Durham Fire Authority	635,353	753,565	1,388,918
Bedfordshire Fire Authority	633,240	749,607	1,382,848
Gloucestershire	630,520	744,512	1,375,033
Cleveland Fire Authority	625,913	735,881	1,361,794
Cornwall	618,252	721,529	1,339,782
Warwickshire	617,799	720,680	1,338,478
Cumbria	611,916	709,659	1,321,574
Shropshire Fire Authority	601,771	690,654	1,292,425
Northumberland	569,896	630,940	1,200,836
Isle of Wight Council	531,248	558,539	1,089,787
Isles of Scilly	50,000	50,000	100,000