

NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

REPORT TO THE NORTHAMPTONSHIRE POLICE, FIRE & CRIME COMMISSIONER

7TH FEBRUARY 2020

| | |
|-------------------------|--|
| Subject: | Review of the Northamptonshire Police, Fire & Crime Commissioner's Proposed Fire & Rescue Precept for 2020/21 |
| Recommendations: | That the Northamptonshire Police, Fire & Crime Commissioner: a) Has regard to this report by the Northamptonshire Police, Fire & Crime Panel arising from its review of the proposed Fire & Rescue precept for 2020/21 in accordance with the Police Reform & Social Responsibility Act 2011 Schedule 5 Paragraph 5(2)(a). b) Gives the Panel a response to this report in accordance with the Police Reform & Social Responsibility Act 2011 Schedule 5 Paragraph 5(2)(b). |

1. Purpose of Report

- 1.1 The report is intended to set out the results of the review by the Northamptonshire Police, Fire & Crime Panel of the Northamptonshire Police, Fire & Crime Commissioner's proposed Fire & Rescue precept for 2020/21.

2. Background

- 2.1 The Policing & Crime Act 2017 specifies that a Police, Fire & Crime Commissioner may not issue a Fire & Rescue precept until it has been subject to scrutiny by the relevant Police, Fire & Crime Panel according to the process specified in Schedule 5 of the Police Reform & Social Responsibility Act 2011.
- 2.2 Schedule 5 of the 2011 Act, supporting Regulations, and the Rules of Procedure for the Northamptonshire Police, Fire & Crime Panel require:
- a) The Commissioner to notify the Panel of his proposed precept by 1st February of the relevant financial year.
 - b) The Panel to review the proposed precept.
 - c) The Panel to resolve to:
 - i) Support the proposed precept without additional qualification or comment; or
 - ii) Support the proposed precept and make additional recommendations on it; or
 - iii) Veto the proposed precept provided that the Panel makes that decision by the required majority of at least two thirds of Panel members.

d) The Panel to make a report to the Commissioner on the proposed precept, setting out the results of its review, by 8th February of the relevant financial year.

2.3 If the Panel does not veto the proposed precept the Commissioner must:

- a) Have regard to the report made by the Panel
- b) Give the Panel a response to its report and to any recommendations in the report. The response should also be published in a manner determined by the Panel.

2.4 The scrutiny process concludes at this point. The Commissioner may then issue the proposed precept as the precept for the next year, or issue a different precept but only if it would be in accordance with a recommendation made in the Panel's report.

2.5 If the Panel vetoes the proposed precept the Commissioner is required to produce a revised precept, which is then subject to further scrutiny.

3. Review of the Proposed Fire & Rescue Precept

3.1 The Northamptonshire Police, Fire & Crime Panel met in public on 4th February 2020 to review the Commissioner's proposed Fire & Rescue precept and budget for 2020/21.

3.2 The Commissioner presented the proposed precept and budget, which were his second since taking responsibility for the governance of Northamptonshire Fire & Rescue Service (NFRS) on 1st January 2019. At that point NFRS's core funding had been the lowest of any service in the country. Despite this NFRS had already been able to take action to stabilise its position and improve its performance. The proposed budget for 2020/21 now sought to continue this direction. It was based on an increase in the precept of 1.99% representing an additional £1.21 per year in Council Tax at Band D. Consultation indicated that residents were willing to pay more towards NFRS services. The Commissioner emphasised that 1.99% was the maximum increase permitted without holding a local referendum. If the final local government financial settlement gave more flexibility he proposed to increase the precept by up to 8.23% or £5.00 per year to provide NFRS with much-needed resources. As it was, the proposed budget provided for the acquisition of 7 new vehicles and recruitment of 32 new firefighters. It would be backed up by continuing work by NFRS and Northamptonshire Police on sharing support services and assets. The Commissioner considered that the proposed budget and precept reflected the financial challenges faced by NFRS but underlined the progress being made in improving its performance and the service it provided to Northamptonshire residents.

3.3 The Panel questioned the Commissioner, the Chief Fire Officer and the Commissioner's Chief Finance Officer about the overall financial resilience of NFRS and how far the proposed 2020/21 budget would go towards enabling it to meet current demands. The Panel was advised that NFRS was the only former county fire & rescue service that had transferred to a commissioner fire & rescue authority. It faced particular legacy issues resulting from its history with Northamptonshire County Council (NCC): for example, when transferred NFRS's Medium Term Financial Plan had not provided for a capital programme. Fire & rescue authorities had also not received any protection to mitigate the impact of austerity and did not have clarity about the government's long term funding intentions. NFRS now needed to rebuild its capacity, improve efficiency

and effectiveness, increase reserves and deliver transformation in this context. The precept increase proposed for 2020/21 would be welcome. However, it was not sufficient to enable NFRS to meet all of its challenges and would require some very hard choices to be made between competing priorities. Panel members questioned whether this situation put Northamptonshire residents at increased risk. The Panel was advised that NFRS was not planning service reductions and would actually increase firefighter numbers through the year. However, it would not be able to pursue the aim of increasing capacity for prevention and protection work. NFRS would effectively be in a static position for 2020/21 and could then review overall demands and risks in the context of the forthcoming Comprehensive Spending Review.

- 3.4 Panel members noted that Northamptonshire had the second lowest Band D Council Tax level of all fire & rescue authorities in 2019/20 and the provisional local government finance settlement for 2020/21 gave it the second lowest core spending power. Various operational and budgetary pressures had been identified since the governance transfer in areas including property, Information & Communications Technology, equipment maintenance and provision and procurement. Panel members questioned how far these pressures could be met within the Commissioner's proposed budget. They were advised that some of these areas could be covered with a precept increase of 1.99% but not as far or as fast as with more resources. Panel members subsequently highlighted the scope for the Panel to support the Commissioner in making a case to the government for some specific additional recognition of the challenges faced by NFRS.
- 3.5 The Panel sought further clarification and assurance on different aspects of the proposed budget. It was advised that Fire & Rescue Pensions Grant allocations for 2020/21 had not yet been finalised. The Commissioner's 2020/21 budget assumed the same allocation as in 2019/20 but it also ring fenced the £522,000 increase in the overall financial settlement until the Pensions Grant allocation was confirmed. Potential changes to pension schemes that could result in increased costs were the subject of continuing discussion at national level: fire & rescue authorities were making the case that central government should bear any increase in costs resulting from implementing a national change. Further information was needed to quantify the level of risk to the Fire & Rescue budget that might result from this situation.
- 3.6 Panel members supported the case for increasing the Fire & Rescue precept by 1.99% in 2020/21. The Panel was advised that there was still a possibility that the final local government financial settlement might increase the threshold for a local referendum. The Panel therefore considered whether the Commissioner would be justified in making use of any such additional flexibility. Panel members commented that NFRS faced a difficult starting point as a separate organisation due to the recent pressures it had experienced when part of NCC. Additional investment was now needed to enhance its capacity, to reflect continuing growth in the county and to strengthen crucial prevention and protection functions. Consultation responses also suggested that residents were prepared to pay more towards NFRS. At the same time, other Panel members urged caution about increasing overall demands on taxpayers. Northamptonshire local authorities were likely to increase their precepts in 2020/21 and there could also be increased costs connected to the creation of new town councils as part of the Local Government Reform programme. An 8.23% increase in the Fire & Rescue precept could seem excessive and would need to be presented clearly to residents. Against this, it was highlighted that increasing the precept by 8.23% rather than 1.99% would require

taxpayers to pay an extra £3.79 per year. This was a relatively small amount that would be put towards NFRS services that supported all residents.

Outcome of the Review

3.7 At the conclusion of discussion the Panel ultimately resolved unanimously:

- a) **To support the Northamptonshire Police, Fire & Crime Commissioner's proposed precept for 2020/21 if 1.99% remains the maximum increase permitted without the need for a local referendum.**
- b) **To recommend that the Northamptonshire Police, Fire & Crime Commissioner increases the precept for 2020/21 by up to £5.00 at Band D if additional flexibility regarding the threshold for a local referendum is given in the final local government finance settlement.**

| | |
|--------------------|---|
| Author: | Name: James Edmunds Team: Democratic Services Northamptonshire County Council |
| Contact details: | Tel: 01604 366053 Email: jedmunds@northamptonshire.gov.uk |
| Background Papers: | Police Reform & Social Responsibility Act 2011 Policing & Crime Act 2017 The Police & Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 Northamptonshire Police, Fire & Crime Panel Rules of Procedure |