National Audit Office

Local government report
by the Comptroller and Auditor General

Local government

Impact of funding reductions on fire and rescue services

NOVEMBER 2015

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Local government

Impact of funding reductions on fire and rescue services

Report by the Comptroller and Auditor General

This report has been prepared and published under Section 7Z(A) of the National Audit Act 1983 as introduced by the Local Audit and Accountability Act 2014

Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

2 November 2015

This report examines comparative patterns of change in income, spending and financial and service sustainability across fire and rescue authorities since 2010-11.

Contents

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This report can be found on the National Audit Office website at www.nao.org.uk

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Key facts

46

fire and rescue authorities (stand-alone, county and the London Fire and Emergency Planning Authority)

17%

estimated real-terms average reduction in spending power of stand-alone fire authorities from 2010-11 to 2015-16

23%

fall in number of primary fires in England from 2010-11 to 2014-15

39%	fall in number of secondary fires, small fires largely confined to outdoor locations, in England from 2010-11 to 2014-15
22%	fall in number of fatalities in fires in England from 2010-11 to 2014-15
30%	reduction in audits and inspections carried out by fire and rescue authorities, 2010-11 to 2014-15
27%	reduction in personnel hours spent on fire safety checks carried out by fire and rescue authorities, 2010-11 to 2014-15
14%	reduction in full-time equivalent posts in fire and rescue authorities, 2010-11 to 2014-15
67%	real-terms increase in total reserves for stand-alone fire and rescue authorities, 2010-11 to 2014-15

Summary

1 Since 2010, the government has reduced funding for fire and rescue authorities in England by between 26% and 39%. The government has also changed the way it funds local government as a whole to provide incentives for local growth. This has created financial opportunities, but also increased risk and uncertainty.

2 Within this challenging context, fire authorities must carry out a range of duties, notably:

- responding to fires, road traffic accidents, and other emergencies;
- contributing to national resilience (collectively being able to respond to up to 4 simultaneous national-level emergencies);
- undertaking preventative activities to reduce the risk of fire; and
- carrying out safety inspections of business premises.

3 There are 46 fire and rescue authorities in England, comprising:

- 6 metropolitan authorities: stand-alone authorities, serving the communities of groupings of metropolitan district councils.
- 24 combined authorities: stand-alone authorities, serving the communities of combined county council and unitary authority areas.
- 15 county authorities: integrated within an individual county council or unitary authority.
- London Fire and Emergency Planning Authority (LFEPA), a body of the Greater London Authority.

4 The Department for Communities and Local Government (the Department) has overall responsibility in central government for fire and rescue authorities' funding. This includes distributing the majority of funding voted by Parliament to support fire and rescue authorities in delivering their core services.

5 Ensuring that fire and rescue authorities remain financially sustainable, in that they deliver their statutory services to a sufficient standard, is challenging. A robust financial framework effectively prevents local authorities becoming insolvent. However, assessing the impacts of funding reductions on service provision in a risk-based emergency service is complex.

Our report

6 This is the third local government report published under the Local Audit and Accountability Act 2014. This provides powers to the Comptroller and Auditor General to examine the economy, efficiency and effectiveness with which local authorities, including fire and rescue authorities, use their resources in discharging their functions. The purpose is to provide evaluation, commentary and advice of a general nature.

7 This report provides detailed comparative analysis of changes in income, spending and financial and service sustainability across the sector. Our objective is to contribute to fire and rescue authorities' ongoing financial planning by:

- enabling fire and rescue authorities to compare their performance on key financial and service issues against trends in the sector; and
- disseminating information about the strategies and actions different fire and rescue authorities have taken to tackle their financial challenges.

8 The report has three parts:

- Part One explores changes in fire and rescue authorities' income since 2010-11.
- Part Two examines the actions taken by fire and rescue authorities to deliver savings.
- Part Three assesses the implications of funding reductions on fire and rescue authorities' financial and service sustainability.

9 The report complements our value-for-money report on the Department's approach to fire and rescue service funding, *Financial sustainability of fire and rescue services*.[1] It draws on detailed analysis of data on spending and activities, along with information from case study authorities. A separate methodology is available at: www.nao.org.uk/report/impact-of-funding-reductions-on-fire-and-rescue-services/

Key findings

Changes in income

10 Funding for fire and rescue authorities has fallen significantly between 2010-11 and 2015-16. Funding for stand-alone authorities fell on average by 28%. Once council tax and other income is taken into account, stand-alone authorities received an average reduction in total income ('spending power') of 17% in real terms.

11 Spending power has fallen most in areas assessed by the Department as having highest levels of fire need. Within stand-alone authorities there are significant variations in reductions in levels of spending power. Those that traditionally received a larger share of their income from government grants rather than council tax have seen a larger reduction in their spending power. Grant-dependent areas tend to be those with higher levels of fire need including high-risk social groups or industrial facilities.

1 Comptroller and Auditor General, *Financial sustainability of fire and rescue services*, Session 2015-16, HC 491, National Audit Office, November 2015.

12 Fire and rescue authorities have not offset funding reductions by increasing income. Council tax income has remained relatively stable in real terms. Income from sales, fees and charges does not form a significant element of funding for fire and rescue authorities and fell by 22% in real terms across the sector.

13 Levels of reserves have increased significantly in stand-alone fire and rescue authorities. Stand-alone fire authorities hold financial reserves specifically for fire and rescue services. Other types of fire authority have access to their parent authority's total reserves. All but one stand-alone fire authority increased total reserves in real terms from 2010-11 to 2014-15, a collective increase of 67% in real terms. A number of authorities explained they had been able to build up reserves, even though their funding was going down, because they had succeeded in cutting spending faster than the fall in funding. All indicated that they had plans for these reserves.

Delivering savings

14 Savings have come predominantly from reducing staff costs. Total full-time equivalent posts in fire and rescue authorities fell by 14% from 2010-11 to 2014-15. Reductions have been greatest in fire control and non-uniformed staff, but numbers of firefighters have also fallen. The sector has so far avoided compulsory redundancies of whole-time firefighters.

15 Fire and rescue authorities have not switched to use retained duty (ie part-time) firefighters to deliver savings. Overall numbers of retained firefighters have fallen across the sector, but at a slightly slower rate than whole-time firefighters. Almost all authorities saw a reduction in retained numbers. Authorities which had not traditionally used retained firefighters told us the model was not appropriate for their areas. Authorities who have used retained firefighters indicated it was getting more difficult to recruit and retain them.

16 There has been relatively little change in the number of fire stations. Authorities we spoke to said they were keen to maintain fire stations as this protected response times. A common theme, however, was the value placed by the public on fire stations. Authorities would often look for a range of options short of station closure as a result.

17 Fire and rescue authorities have sought to collaborate with other local service providers to deliver savings, but often this adds value to other sectors rather than addressing the sector's own financial challenges. As demand for emergency response falls authorities are keen to utilise the latent capacity in their operational resources in ways that provide benefit to the public sector as a whole, while allowing them to maintain a sufficiently robust level of fire cover. However, there is a lack of evidence to assess whether firefighters are the most appropriate to carry out these duties.

Financial and service sustainability

18 The sector has succeeded in absorbing funding reductions since 2010-11, though low-level signs of financial stress have begun to emerge in some authorities. Overall, the picture to date is one of financial health: there have been no financial failures and the sector as a whole has increased reserves. However, there are some potential signs of low-level stress in a number of authorities, including local auditors and peer challenge teams raising concerns in a small number of authorities. While authorities drawing on their reserves are still few, numbers have grown steadily since 2010-11. However, while this may indicate financial stress, use of reserves can also form part of a robust financial strategy.

19 Several authorities have reduced the number of firefighters they send to certain incidents, which will reduce costs but might potentially carry increased risks in some cases. In general fire authorities have not changed emergency response standards as a result of budget cuts, but have sometimes changed the type of appliance that attends and the number of firefighters who crew it. Authorities said there were risks linked to the actions they had taken to deliver savings. For instance, changes to crewing arrangements for specialist equipment increases the time taken to mobilise these appliances.

20 Authorities have reduced their prevention and protection activities, but are not well placed to understand what impacts this may have on future incidents. Audits and inspections fell by 30% from 2010-11 to 2014-15, and personnel hours spent of fire risk checks by 27%. Factors in addition to funding reductions, such as greater targeting, may also underlie some of these changes, however. Some authorities have expressed concern that a continued reduction in protection and prevention activities may lead to a future increase in incidents. However, there is a lack of detailed research on the contribution these activities have made to the decline in fires to date. As a result the sector is not in a strong position to understand whether the scaling back of these activities will have a pronounced impact in the longer term, or how big this impact might be.

21 Fires and casualties are declining long term, but within this positive picture there are emerging patterns that need to be analysed further. Primary and secondary fires fell by 23% and 39% respectively between 2010-11 and 2014-15, with fatal casualties falling by 22% over the same period. There are also more authorities experiencing growth in the number of non-fatal casualties in fires and in the number of personnel injured. We found no correlation between these developments and levels of reduction in spend by individual authorities, and in some cases these changes may reflect year-on-year fluctuations in relatively small numbers of incidents. Nonetheless, these changes need further analysis.

22 **Some fire authorities are concerned that their capacity to respond to major incidents could be compromised by further funding reductions.** Fire authorities are risk-based organisations meaning their services are designed to provide resilience against major or multiple events, rather than to meet average demand. While average demand for their services has fallen, this does not mean that the risk of these types of events has declined. However, data from the Department indicates that the number of fires attended by 5 or more vehicles fell by 32% from 2010-11 to 2014-15. While this does not mean that fire authorities are not faced with the same peaks in demand, this may indicate that the frequency of these peaks is reducing. Further analysis of the Department's data would be required to confirm this, however.

Overview

23 Fire and rescue authorities have absorbed significant reductions to their funding since 2010-11. Although they have cut firefighter posts, reduced protection and inspection activities, and started to vary the number of firefighters who respond to incidents, the long-running downward trend in fire casualties has been maintained. Furthermore, the sector has achieved this without implementing in full the range of savings measures endorsed by the Department, although some authorities have suggested these measures are not always appropriate for them.

24 Within this picture, there are indications that some authorities are beginning to experience greater challenges in continuing to manage funding reductions. While the sector as a whole has coped well with funding cuts, there are emerging signs of potential financial stress at some authorities. In addition, though casualties have continued to go down overall, there are potential signs these improvements are slowing down in some areas. While we did not find a correlation between changes in casualty figures and funding reductions, these trends deserve further study.

25 Were funding reductions to continue in future years, the sector would be faced with twin challenges: to implement new cost-reduction measures, and to manage increased risks. While authorities have implemented some innovative service transformation projects to date, their challenge now will be to explore ways of reducing their own long-term costs, rather than primarily adding value to other sectors. Where cost reduction leads to further reductions in operational capacity, meanwhile, this may create risks: for example, to firefighter safety, the potential shrinking of the service as a whole, and the possibility of industrial action. It would be important for authorities to seek assurance that such risks were being successfully managed.

Part One

Changes in income

1.1 Since 2010-11, government funding for fire and rescue services has changed in both scale and structure. This part examines:

- The structure of the fire and rescue service.
- Reductions in funding for fire and rescue services and changes to the structure of funding.
- Changes in locally raised income and use of reserves.

Structure and funding of fire and rescue services

1.2 Fire and rescue services are delivered through a range of different bodies with varying governance and funding arrangements (**Figure 1**). These differences have significant implications in relation to the potential impacts of funding reductions on the service.

1.3 As part of broader organisations, county fire services and the London Fire and Emergency Planning Authority (LFEPA) potentially have access to the wider resources of the broader corporate body. Through the local budget setting process these can be used to mitigate the impact of reductions in government grant. Equally, fire and rescue services budgets can be used to support alternative corporate objectives.

1.4 As stand-alone bodies, metropolitan and combined authorities do not have direct access to alternative resources and have no means of moderating reductions in government grant other than by the reserves they hold directly.

Change in government funding

Funding pressures

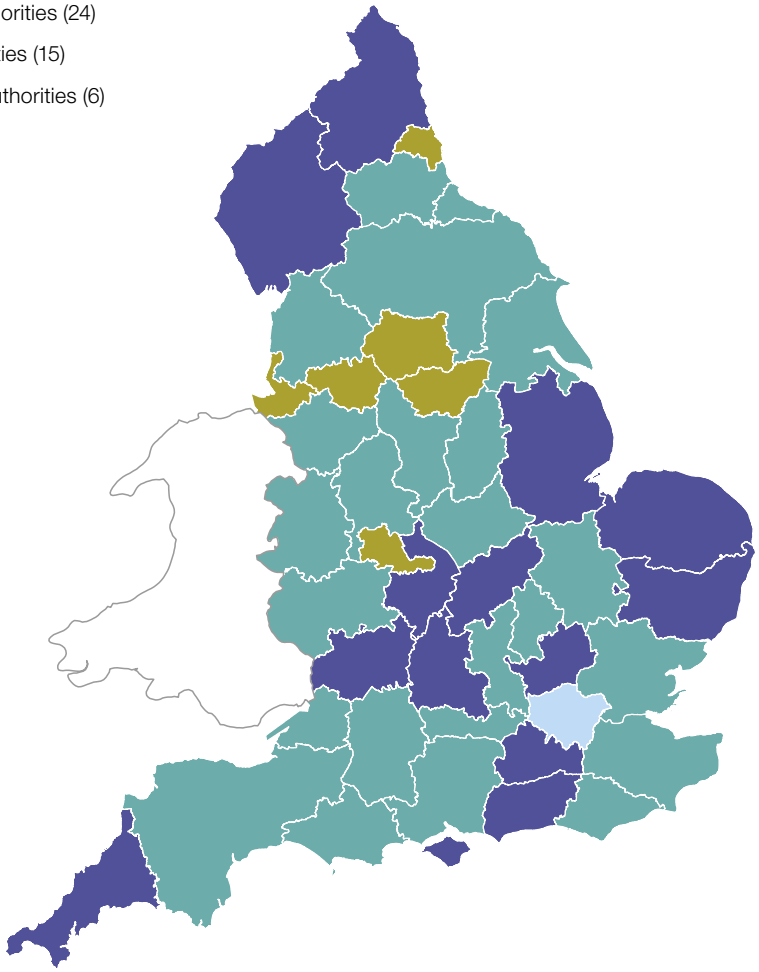
1.5 In 2015-16, the Department for Communities and Local Government (the Department) provided £1 billion in revenue funding for fire and rescue authorities in England through locally-retained business rates and revenue support grant. In addition, £32 million was provided through fire revenue grant and £30 million through the Fire Transformation Fund. Fire authorities also received council tax freeze funding, worth an estimated £20 million.[2]

2 Estimate for council tax freeze income applies solely to stand-alone authorities.

Figure 1
Structure of the fire and rescue sector

Fire and rescue authorities, by type

- Combined fire and rescue authorities (24)
- County fire and rescue authorities (15)
- Metropolitan fire and rescue authorities (6)
- London Fire and Emergency Planning Authority (1)



Type/number	Status/coverage	Governance	Core funding
Metropolitan fire and rescue authorities (6)	Stand-alone bodies covering multiple metropolitan district councils	Board drawn from councillors from constituent councils	Locally retained business rates, government grant and a precept on council tax from constituent councils
Combined fire and rescue authorities (24)	Stand-alone bodies covering combined county and unitary authority areas or multiple unitary authorities	Board drawn from councillors from constituent councils	Locally retained business rates, government grant and a precept on council tax from constituent councils
County fire and rescue authorities (15)	Fire and rescue services within a single county council (11) or single unitary authority (4)	Part of overall county council or unitary authority's governance arrangements	Funded from council's income. Budget is negotiated locally.
London Fire and Emergency Planning Authority (1)	Functional body of the Greater London Authority covering all local authorities in London	Board includes nominees from the London boroughs, London Assembly and Mayoral appointees	Funded from Greater London Authority's income. Government grant for fire and rescue is identifiable but budget is negotiated locally.

Source: National Audit Office analysis of Department for Communities and Local Government data

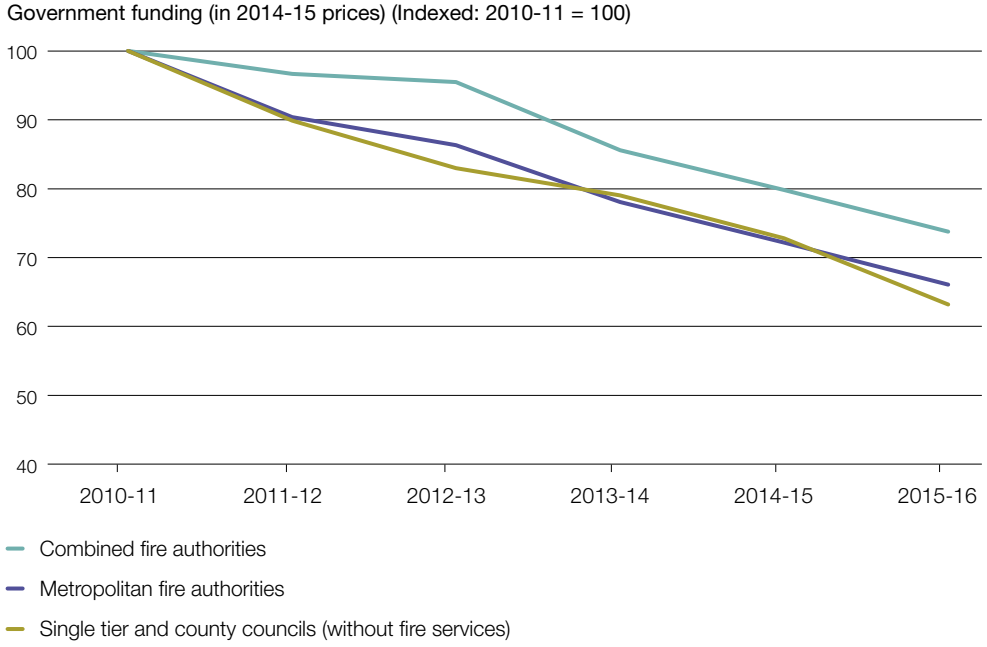
1.6 The Department has reduced funding substantially since 2010-11 (**Figure 2**). Our analysis shows that total government funding for stand-alone authorities fell on average by 27.8% in real terms.[3] This ranged from a reduction of 35.4% to 20.5%. Within this group metropolitan fire authorities saw a reduction of 33.9%, compared to 25.9% for combined authorities. In comparison, government funding for single tier and county councils fell by 40.2%. We estimate that government funding for LFEPA fell by 20.2%.[4]

1.7 County and unitary authorities with fire and rescue services saw an average reduction in government funding of 31.3%. However, it is not possible to isolate the amount of government funding passed through these councils to their fire and rescue service. This figure therefore represents the funding envelope in which the fire and rescue budget was negotiated locally, rather than the precise budget for the service.

Figure 2

Change in government funding from 2010-11 to 2015-16

Metropolitan fire authorities have seen greater reductions in government funding compared to combined fire and rescue authorities



Note

1 Chart shows change in total government funding for each type of the sector as a whole.

2 Chart shows annual change in a weighted index. See methodology, available at: www.nao.org.uk/report/financial-sustainability-of-fire-and-rescue-services/

Source: National Audit Office analysis of Department for Communities and Local Government data

3 We have calculated the change in government funding using a chain-linked index. The change figure shows change in a weighted index and cannot be used to estimate absolute change in funding.

4 LFEPA figure is based on funding from government identified in LFEPA's annual budget. This is not wholly comparable with the figures for stand-alone authorities.

Spending power

1.8 The Department measures the impact of reducing income on all local authorities via 'spending power'. This indicator aims to capture the main streams of government funding alongside council tax. Using the Department's data, we have calculated that on average spending power for stand-alone authorities fell by 16.9%, including a 25% average fall for metropolitan fire and 16.1% for combined authorities.[5] We estimate that spending power for LFEPA fell by 19.2% over this period.

1.9 County and unitary authorities with fire and rescue services saw an average reduction in spending power of 18.4%. Again, this represents the change in the funding envelope available to the whole council in which the fire and rescue service budget was negotiated locally.

1.10 Reductions in spending power are almost solely due to the reduction in government funding over this period (**Figure 3** overleaf). Council tax income has remained relatively stable.

Variation in reductions in spending power

1.11 Within stand-alone authorities there are significant variations in reductions in levels of spending power (**Figure 4** on page 15). This partly reflects differences in the level of grant dependency between different fire authorities. Those that traditionally received a larger share of their income from government grants rather than council tax have seen a larger reduction in their spending power.

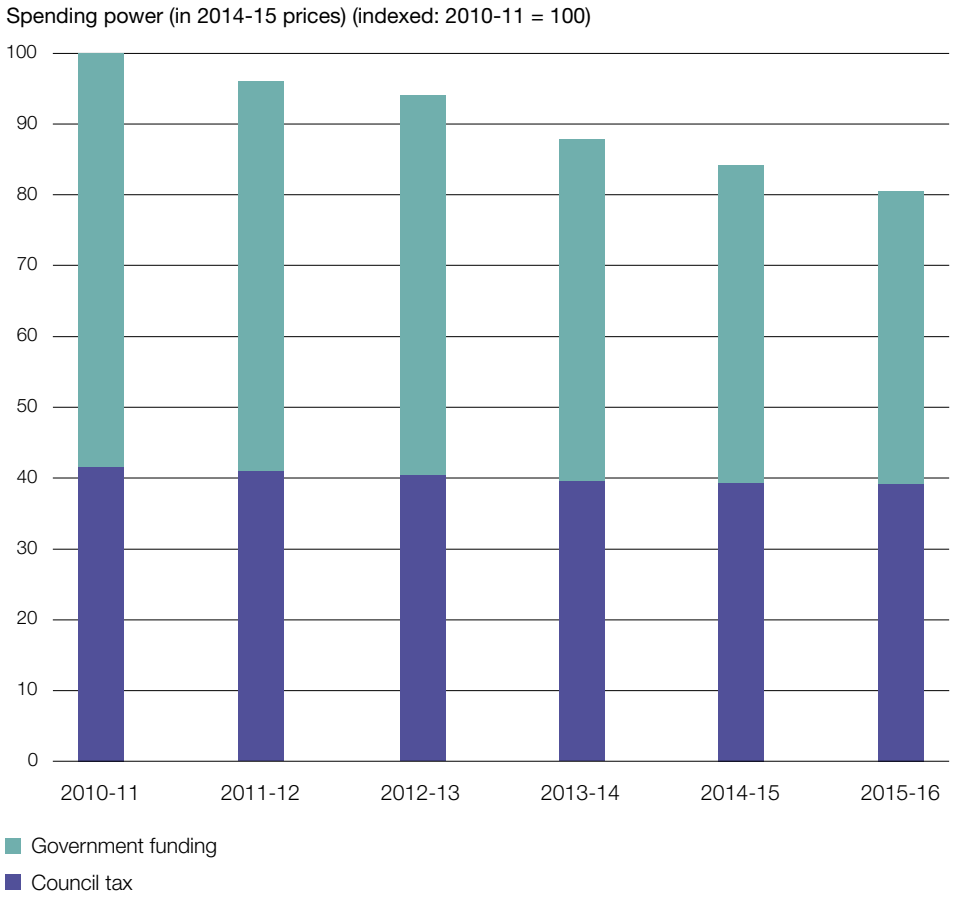
1.12 Grant-dependent areas tend to be those with higher levels of need. Need in fire and rescue is assessed through the relative needs formula developed by the Department. It defines need in terms of levels of risk associated with particular populations or industrial facilities, as well as the differing costs of providing services in different areas. Fire authorities assessed as having higher levels of need tend to have seen larger reductions in spending power since 2010-11.

5 We have calculated the change in spending power using a chain-linked index. The change figure shows change in a weighted index and cannot be used to estimate absolute change in funding.

Figure 3

Change in spending power by component 2010-11 to 2015-16 for stand-alone fire and rescue authorities

Reductions in spending power are almost solely due to the reduction in government funding



Notes

1 Chart shows change in total government funding for stand-alone authorities as a whole.

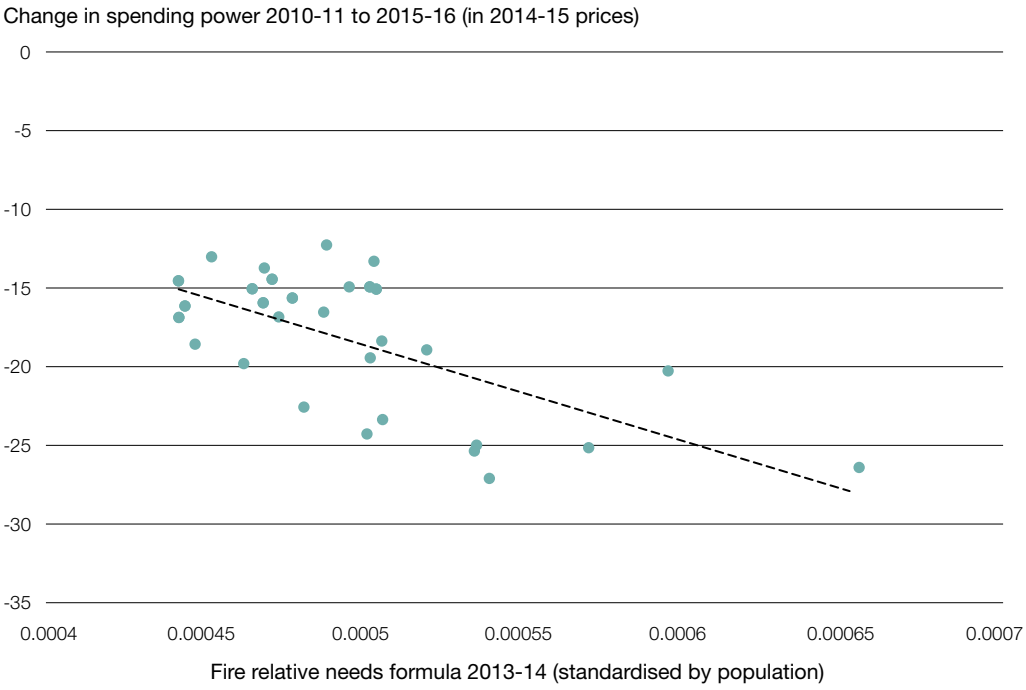
2 Chart shows annual change in a weighted index. See methodology, available at: www.nao.org.uk/report/impact-of-funding-reductions-on-fire-and-rescue-services/

Source: National Audit Office analysis of Department for Communities and Local Government data

Figure 4

Change in spending power in stand-alone fire authorities 2010-11 to 2015-16 compared to levels of fire need

Fire authorities assessed as having higher levels of need tend to have seen larger reductions in spending power



Notes

1 $R^2 = 0.4138$.

2 Change in spending power represents change in a weighted index, see methodology available at: www.nao.org.uk/report/impact-of-funding-reductions-on-fire-and-rescue-services/

Source: National Audit Office analysis of Department for Communities and Local Government data

Change in the structure for funding for fire and rescue services

1.13 In addition to direct reductions in funding, there have been other changes to the funding system for fire and rescue authorities:

- **Business rates retention:** From 1 April 2013, the Department made changes to the business rates system to give local authorities, including fire and rescue authorities, flexibility over spending and to incentivise growth. The level of need in 2013-14 was built into the baseline funding for the system and no longer updated, with local growth driving local variation in grant allocations levels rather than change in need. This created a risk that funding and need may diverge over time.
- **Council tax support localisation:** In 2013-14, the government devolved responsibility to local authorities for subsidising poorer households' council tax bills.[6] This has had the effect of reducing each authority's tax base – the total it could raise through council tax – by the size of this subsidy. In turn the relative share of income each authority receives from the government has increased. Our analysis shows that following the introduction of council tax localisation, government funding as a share of each stand-alone authorities' spending power increased by, on average, 9.8%. This has made these authorities more grant-dependent and potentially vulnerable to further reductions in government funding (**Figure 5**).

Changes in locally-raised income

1.14 In response to pressure on their government funding streams fire and rescue authorities may be able to raise additional income from council tax or sales, fees and charges. They can also draw on their reserves.

Council tax

1.15 As well as council tax support, there have been other changes to council tax in the 2010 spending review period:

- Since 2011-12, central government has offered five council tax freeze grants to authorities that froze or reduced council tax bills. These grants vary in amount and the years to which they apply.
- Since 2012-13, where authorities have not taken the council tax freeze grant they have had to hold a referendum if they wish to increase council tax above a centrally prescribed level.

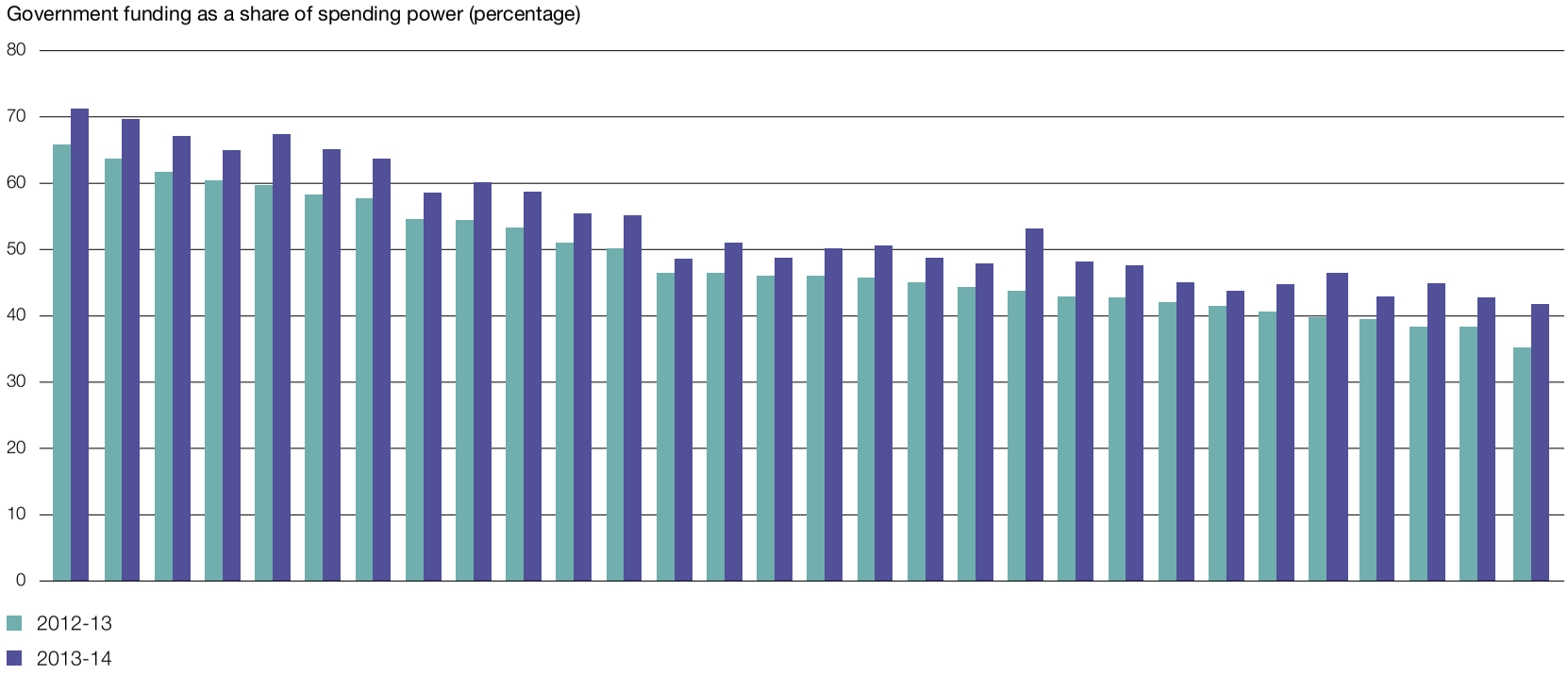
1.16 All fire and rescue authorities took the initial freeze grant in 2011-12. Take-up has fallen since then, with only 16.7% of stand-alone authorities and 26.7% of county fire authorities taking the grant in 2015-16.

6 Comptroller and Auditor General, *Council Tax support*, Session 2013-14, HC 882, National Audit Office, December 2013.

Figure 5

Change in government funding as a share of spending power for stand-alone fire and rescue authorities

The localisation of council tax support means that all fire authorities are now relatively more dependent on government funding



Source: National Audit Office analysis of Department for Communities and Local Government data

1.17 Responding to the sector, in 2012-13, the Department allowed fire authorities with the lowest council tax rates to increase their council tax precept by up to £5 if this yielded a greater sum than the limit of 2%. All but one of the eligible authorities took the £5 increase.

1.18 Among local authorities that have not taken the freeze grant, none has increased council tax above the centrally prescribed level. While the Department does not feel that the cost of a referendum is a barrier to holding one, our case study authorities indicated that the costs involved in undertaking the required referendum are too substantial. For example:

- West Midlands estimate total costs at in excess of £1 million, when running a station with one whole-time pump for a year costs around £1 million.
- Greater Manchester estimate that given the costs from losing a referendum, which would result in a full re-billing, an increase of around 15% would be required to balance the risk.

1.19 Consequently, council tax income has remained relatively stable in real terms over the 2010 spending review period. Between 2010-11 and 2014-15, excluding income from council tax freeze grant and adjusting for the effect of council tax support localisation, metropolitan fire authorities have seen an average real terms increase in council tax income of 6.3%, while combined authorities have seen a 1.1% increase. County authorities have seen average council tax incomes fall by 0.1%. The higher rate of growth for metropolitan fire authorities reflects the impact of the £5 precept in 2012-13.

Sales fees and charges

1.20 Income from sales, fees and charges does not form a significant element of funding for fire and rescue authorities. In 2010-11, it represented only 1.7% of total spend. From 2010-11 to 2014-15, total income from sales fees and charges fell by 21.9% in real terms across the sector, with 54.5% of authorities seeing reductions in income (**Figure 6**).

1.21 Our case study authorities demonstrated a range of strategies for securing increased income:

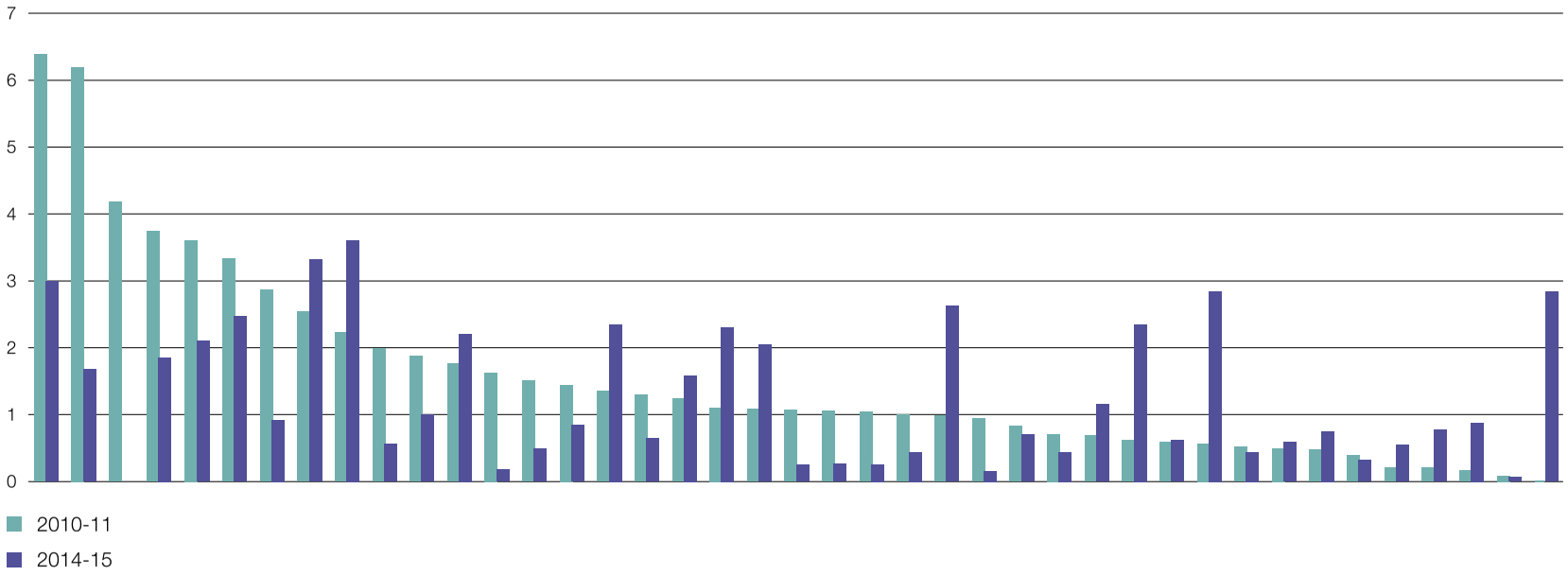
- Cleveland trades through a Community Interest Company. Drawing on the fire service's expertise in relation to major hazard sites it provides a range of consultancy services in the UK and abroad.
- London Fire Brigade has created a trading company that provides consultancy to the Fire Service College (in the private sector since March 2013) among other bodies.
- Lincolnshire owns a training site specialising in urban search and rescue. It has created a trading arm to win contracts on a profit-making basis.

Figure 6

Income from sales, fees and charges as a share of total service expenditure on fire and rescue

From 2010-11 to 2014-15 total income from sales fees and charges fell by 21.9% in real terms across the sector, with 54.5% of authorities seeing reductions in income

Sales, fees and charges income as a share of total spend in 2010-11, percentage (in 2014-15 prices)



Source: National Audit Office analysis of Department for Communities and Local Government data

1.22 A number of our case study authorities mentioned the high level of competition within England in the market for fire and rescue consultancy and training services. Authorities that had been able to enter international markets appeared to have had a higher degree of success.

Use of reserves

1.23 County fire services do not hold reserves that are separate from broader corporate reserves. LFEPA holds identifiable reserves but ultimate control of these rests with the Greater London Authority. The county fire services we visited told us that being able to draw on the reserves of a larger organisation gave them greater financial resilience. In contrast, stand-alone authorities were aware they had a higher level of risk as they had nowhere else to turn. This placed greater emphasis on maintaining robust reserve levels.

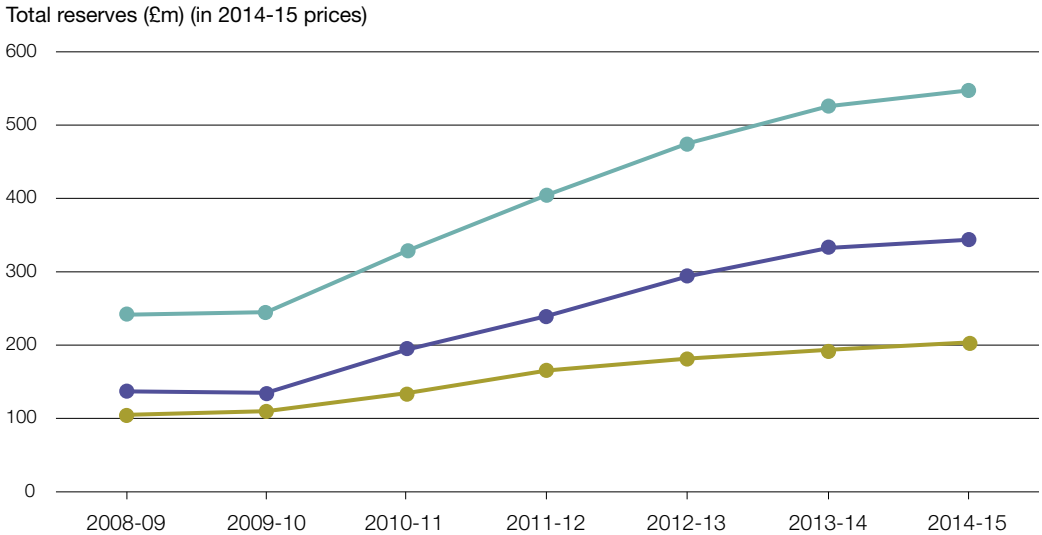
Levels of reserves

1.24 All but one stand-alone fire authority increased total reserves in real terms from 2010-11 to 2014-15. Combined authorities increased their total reserves by 77.4% and metropolitan authorities by 51.1%; a collective increase of 66.6% (**Figure 7**).

Figure 7

Change in total reserves in stand-alone fire authorities, 2008-09 to 2014-15

Combined authorities increased their total reserves by 77.4% and metropolitan authorities by 51.1% from 2010-11 to 2014-15; a collective increase of 66.6%



	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
All stand-alone authorities	241.6	245.0	328.6	405.2	475.4	526.0	547.4
Combined authorities	136.8	135.1	193.9	239.8	293.8	332.4	343.9
Metropolitan authorities	104.8	109.9	134.7	165.4	181.7	193.6	203.5

Note

1 This excludes two fire authorities where data for 2014-15 had not been returned.

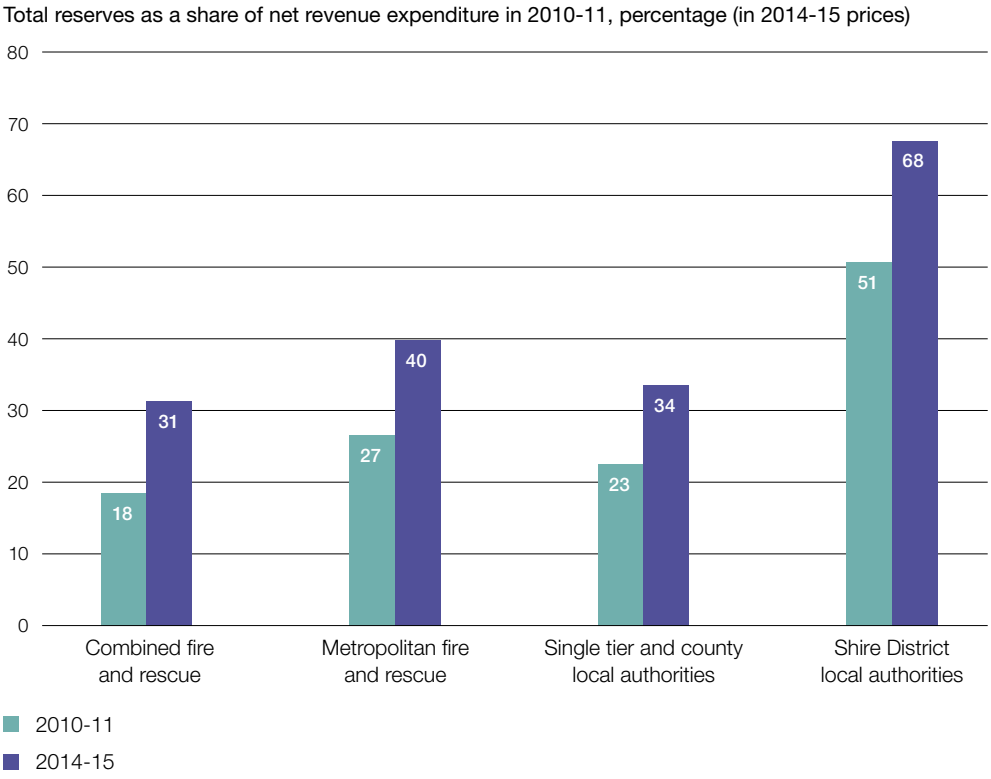
Source: National Audit Office analysis of Department for Communities and Local Government data

1.25 Total reserves include earmarked and unallocated reserves. Earmarked reserves are held for a specific purpose or project. Unallocated reserves include working balances to manage cash flows, and funds to protect budgets against unpredictable costs. All the growth in total reserves from 2010-11 to 2014-15 occurred in earmarked reserves which saw real-terms growth of 127.7%. Unallocated reserves fell by 13.9%.

1.26 In 2010-11, combined authorities' total reserves were equivalent to 18% of their net revenue expenditure, with metropolitan authorities holding the equivalent of 27%. By 2014-15, these figures had increased to 31% and 40% respectively (**Figure 8**). In comparison, police forces in 2010-11 held total reserves equivalent to 11% of net revenue expenditure. This had grown to 15% by 2014-15.

Figure 8

Total reserves as a share of net revenue expenditure in 2010-11



Source: National Audit Office analysis of Department for Communities and Local Government data

Changes in use of reserves

1.27 A number of our case study authorities stated that their savings programmes enabled them to reduce spending faster than their funding was reduced, allowing them to build up reserves. Other reasons provided by our case study authorities for growth in their reserves included:

- Managing uncertainty – Greater Manchester has earmarked £1.5 million for its share of losses from business rates appeals.
- Supporting service change – Cleveland has earmarked reserves to fund the redundancy costs for whole-time firefighters and recruitment and training costs for expanding the retained workforce
- Supporting capital expenditure – Dorset has increased the life of its fire engines from 12 to 15 years and is building up a capital financing reserve to offset future borrowing costs.

1.28 In general our case study authorities appeared to have clear plans for their reserves. They were reluctant to use reserves to offset funding reductions without a plan to reduce costs simultaneously.

Part Two

Delivering savings

2.1 This part examines the ways in which fire and rescue authorities have delivered savings since 2010-11, focusing on:

- Change in levels and type of spend across fire authorities.
- Implications for staffing, appliances and stations.
- Collaboration and integration to deliver savings.

Change in spend

2.2 Spending on fire and rescue services fell by 12.1% in real terms between 2010-11 and 2014-15 (**Figure 9** overleaf). This is lower than many services provided by local authorities. However, across all service areas (excluding education and public health) local authorities have seen a total real-terms reduction in service spending of 12.4%. In comparison, spending on police services fell by 14.9% in real terms over this period.

Local variation in change in spend

2.3 There are marked variations in spending reductions at the authority level (**Figure 10** on page 25). Metropolitan fire authorities have seen an average real-terms reduction in spending of 14.5%, compared to 11.1% for combined authorities and 8.2% for county authorities.

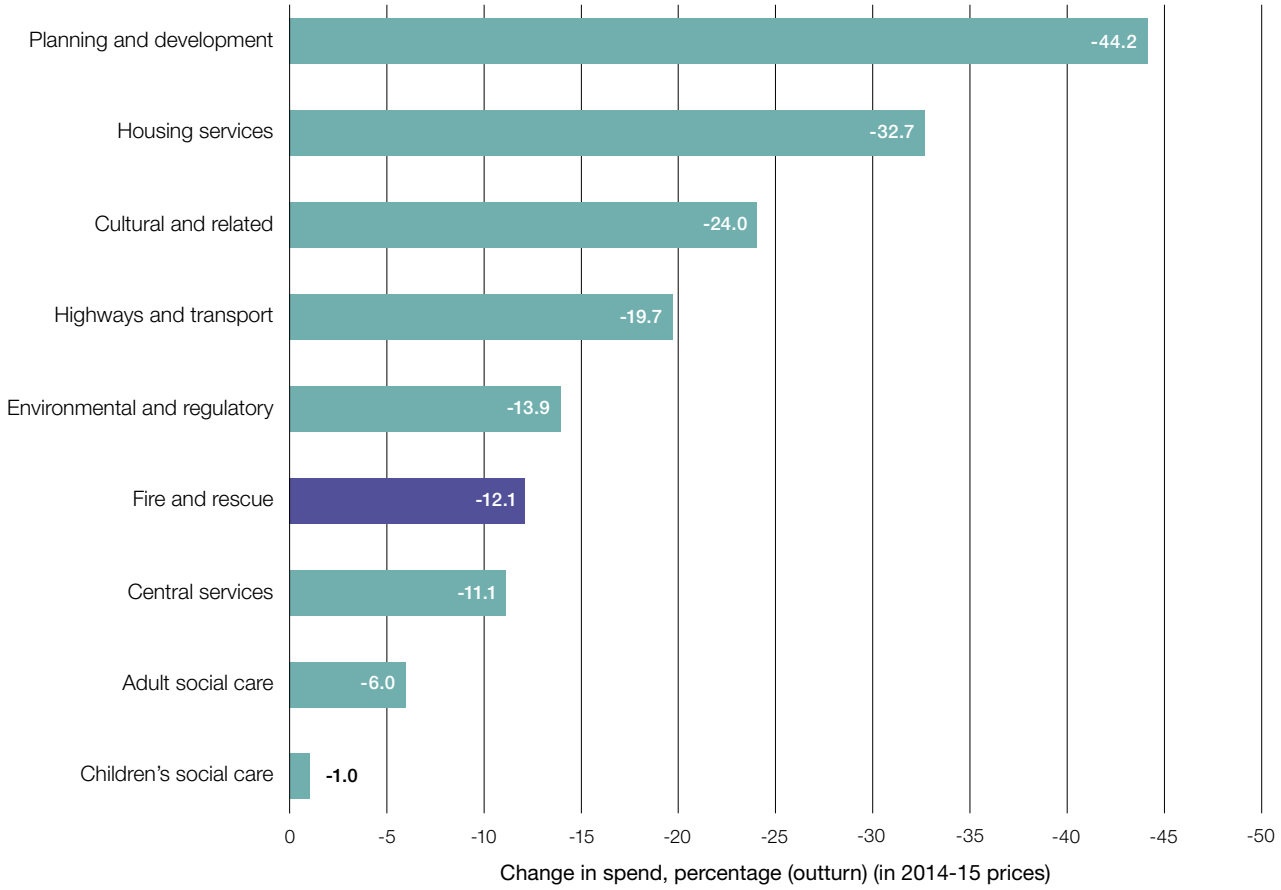
2.4 Fire and rescue services in counties are funded through the overall income received by the council, which provides an opportunity to supplement the funding for the fire service from other budgets. This does appear to have happened in some cases as fire and rescue spending has reduced by significantly less than service spending across the council as a whole.

2.5 However, several county services have faced larger reductions relative to overall council service spending. West Sussex, for instance, has seen the largest reduction in spend by a county service. This reflects a local policy decision taken early in the last Parliament to transform the service as part of the council's overall savings plan. Following the delivery of these savings the council is now budgeting for a lower savings requirement from the fire and rescue service relative to the rest of the council.

Figure 9

Change in spend on fire and rescue compared to other local authority services

Spending on fire and rescue services fell by 12.1% in real terms between 2010-11 and 2014-15. This is lower than many services provided by local authorities

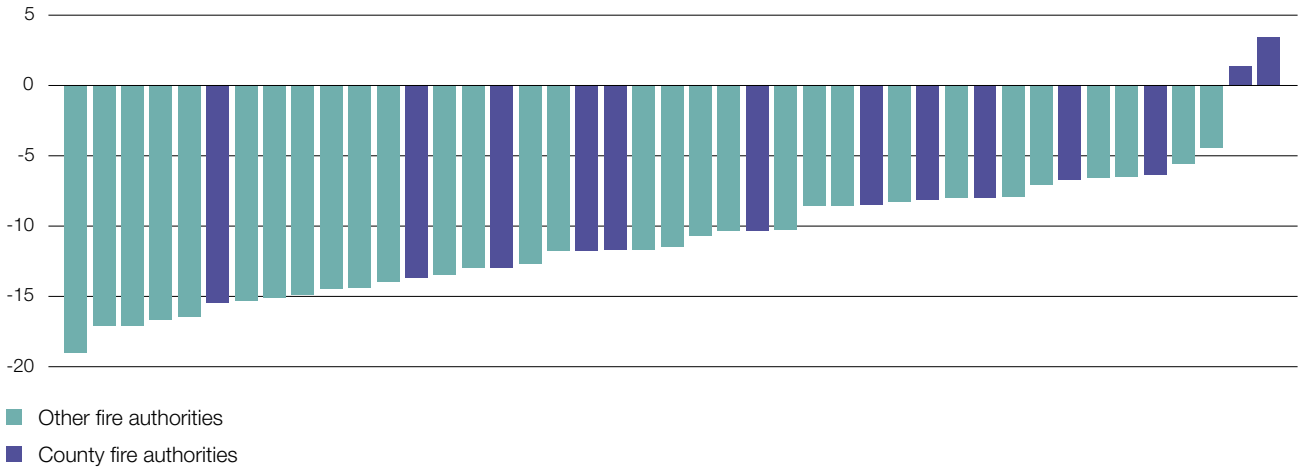


Source: National Audit Office analysis of Department for Communities and Local Government data

Figure 10
Change in service spend 2010-11 to 2014-15

There is significant variation in change in spend between fire and rescue authorities

Percentage change in service spend 2010-11 to 2014-15 (in 2014-15 prices)



Note

1 Shows spend on fire and rescue services for all authorities. For stand-alone authorities spend on central services is also included.

Source: National Audit Office analysis of Department for Communities and Local Government data

Change in different types of spending

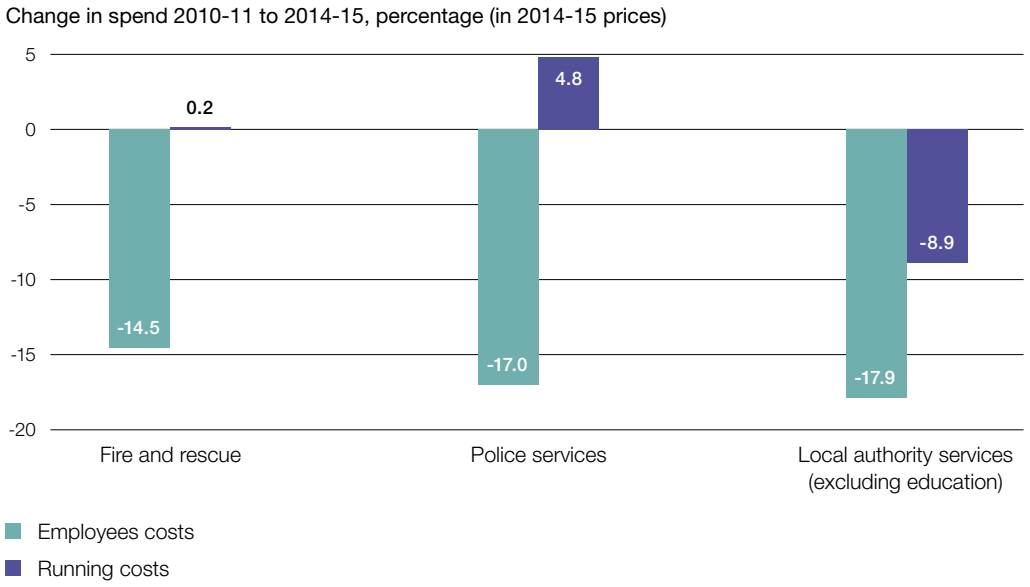
Staffing and running costs

2.6 Net savings to date have come exclusively from reductions in staffing costs. Total spending on employees fell by 14.9% in real terms from 2010-11 to 2014-15 (**Figure 11** overleaf). Although many authorities reduced spending on running costs, which includes expenditure on transport, premises, support services and outsourcing, it stayed stable at the aggregate level.

2.7 The fire and rescue sector's aggregate profile for savings reflects that for police services which as a whole have also seen savings delivered through reductions on employee costs.[7] Local authorities have delivered savings in both types of spending.

7 The fall in employee costs and increase in running costs in the police sector may reflect a process in which certain activities are outsourced or delivered through shared services. This reduces direct employee costs, but increases third party payments which appear as running costs.

Figure 11
Change in employee and running costs 2010-11 to 2014-15



Source: National Audit Office analysis of Department for Communities and Local Government data

The cost base for fire and rescue services

2.8 The balance of savings within fire and rescue partly reflects the structure of the cost base of fire authorities. As a direct provider of services, 76.7% of their cost base at the start of the last Parliament in 2010-11 comprised pay and pensions. Similarly, police forces, as direct service providers had 83.0% of their costs in this area (**Figure 12**).

2.9 In contrast many services provided by local authorities have commissioning-based service models which have very different cost structures. Consequently, while employee costs represent 100% of net savings in fire and police over this period, they account for only 48% in local authorities.

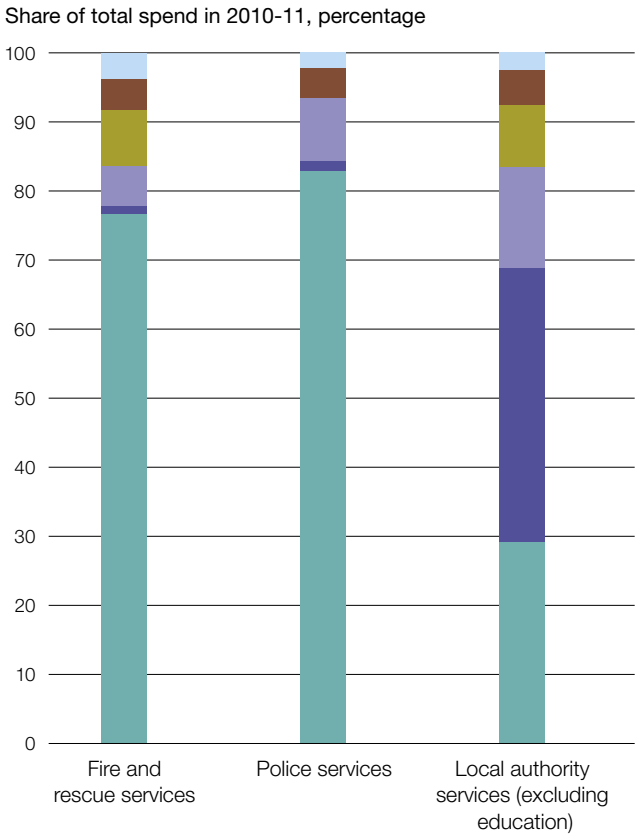
2.10 This does not mean that fire and rescue authorities have no opportunities to make savings in their running costs.[8] However, they do not have the capacity to make savings through re-tendering or renegotiating contracts as commissioning-based services do.

8 The data may also understate savings on running costs to a degree as it shows total rather than net spend. Consequently where authorities have merged fire control functions, for instance, the annual spend transferred from one authority will show as spend in both the transferring and receiving authorities.

Figure 12

The cost base of fire and rescue, police services and local authority services in 2010-11

Pay and pensions accounted for 76.7% of spend by fire and rescue authorities in 2010-11



	Fire and rescue services	Police services	Local authority services (excluding education)
Transport expenses	3.7	2.2	2.4
Premises expenses	4.5	4.2	5.1
Management and support services	8.1	0.0	8.9
Supplies and services	5.9	9.2	14.7
Third party payments	1.1	1.3	39.8
Pay and pensions	76.7	83.0	29.1

Source: National Audit Office analysis of Department for Communities and Local Government data

2.11 The focus on employee costs as a source of savings also reflects the priority placed by authorities on maintaining appliances and stations. Authorities we spoke to stressed these were valued by the public and are key to maintaining emergency response standards.

Implications for staffing, appliance and stations

Workforce changes

Reducing staffing levels

2.12 Total full-time equivalent posts in fire and rescue authorities fell by 13.6% in the four years from 2010-11 to 2014-15. This compares to a fall of 16.6% for local authorities and 12.5% for the police.[9]

2.13 Staff costs have reduced partly by the national wage freeze over this period, but mainly by reducing staff numbers. Reductions have been greatest in fire control staff as several authorities have merged fire control functions, and in non-uniformed staff as authorities have reduced back-office costs. Whole-time and retained firefighter numbers have also fallen (**Figure 13**).

2.14 Whole-time firefighters represent a substantial share of the total workforce. Consequently, while their numbers have reduced by only 13.5% this accounts for 56.6% of the reduction in staff numbers. Reductions in retained duty firefighters represent 18.9% of staff reductions, with non-uniformed and fire control staff accounting for 18.0% and 6.5% respectively.[10]

Changing duty systems

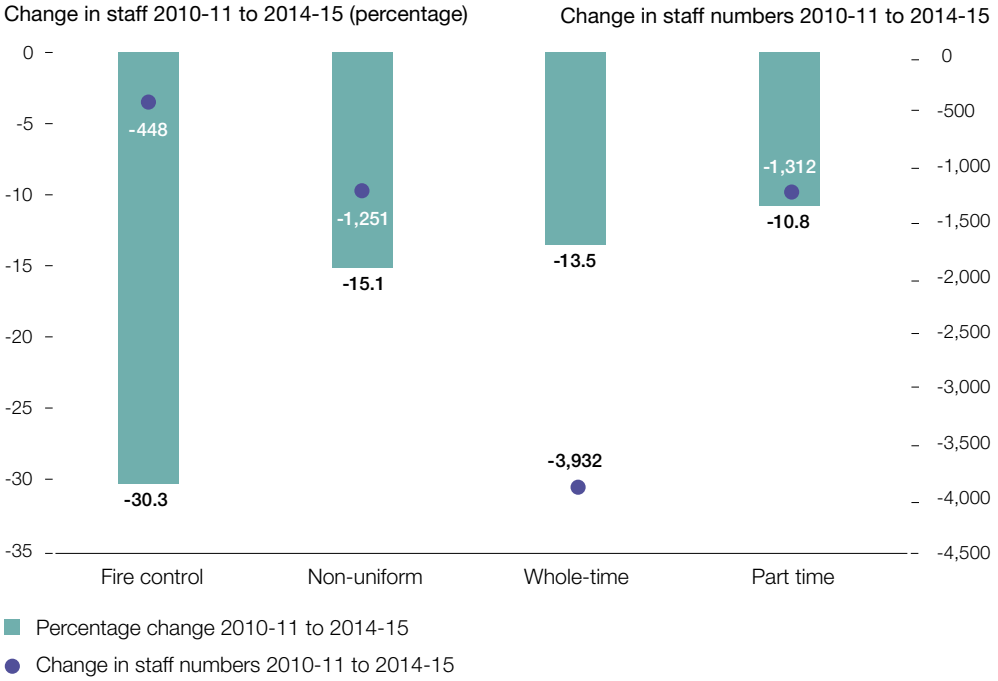
2.15 Almost all of our case study authorities indicated they had made changes to shift patterns or duty systems, or were in the process of making such changes, in order to secure reductions in staff levels. For instance we were told:

- Greater Manchester has maintained a 2-2-4 duty system but introduced an annualised hours model, and a voluntary 'additional hours' scheme which together have reduced firefighter numbers by 30%.[11]
- West Sussex has introduced a 2-2-6 system which incorporates annual leave. This has allowed the service to reduce headcount at all stations by three.

9 Local authority figure excludes schools staff and is for England from 2010 to 2013. Police figure is for the UK from 2010 to 2014.
10 All staff numbers are full-time equivalents with the exception of retained duty staff which are in 24-hour units of cover.
11 Meaning 2 days on, 2 nights on, 4 days off.

Figure 13

Change in numbers of staff by type, 2010-11 to 2014-15



Source: National Audit Office analysis of Department for Communities and Local government data

Reducing senior management

2.16 Authorities we spoke to are focusing savings on senior management posts in order to protect non-managerial firefighters as far as possible. Among whole-time firefighters, senior posts have seen the largest reductions (17.1%) relative to other managerial (11.9%) and non-managerial (14.2%) posts. A number of our case study authorities had reduced senior management posts including:

- **West Midlands** has reduced management costs by £1.4 million including reductions in numbers of brigade managers.
- **Greater Manchester** reduced its numbers of managers by 40.5%.

Retained duty system

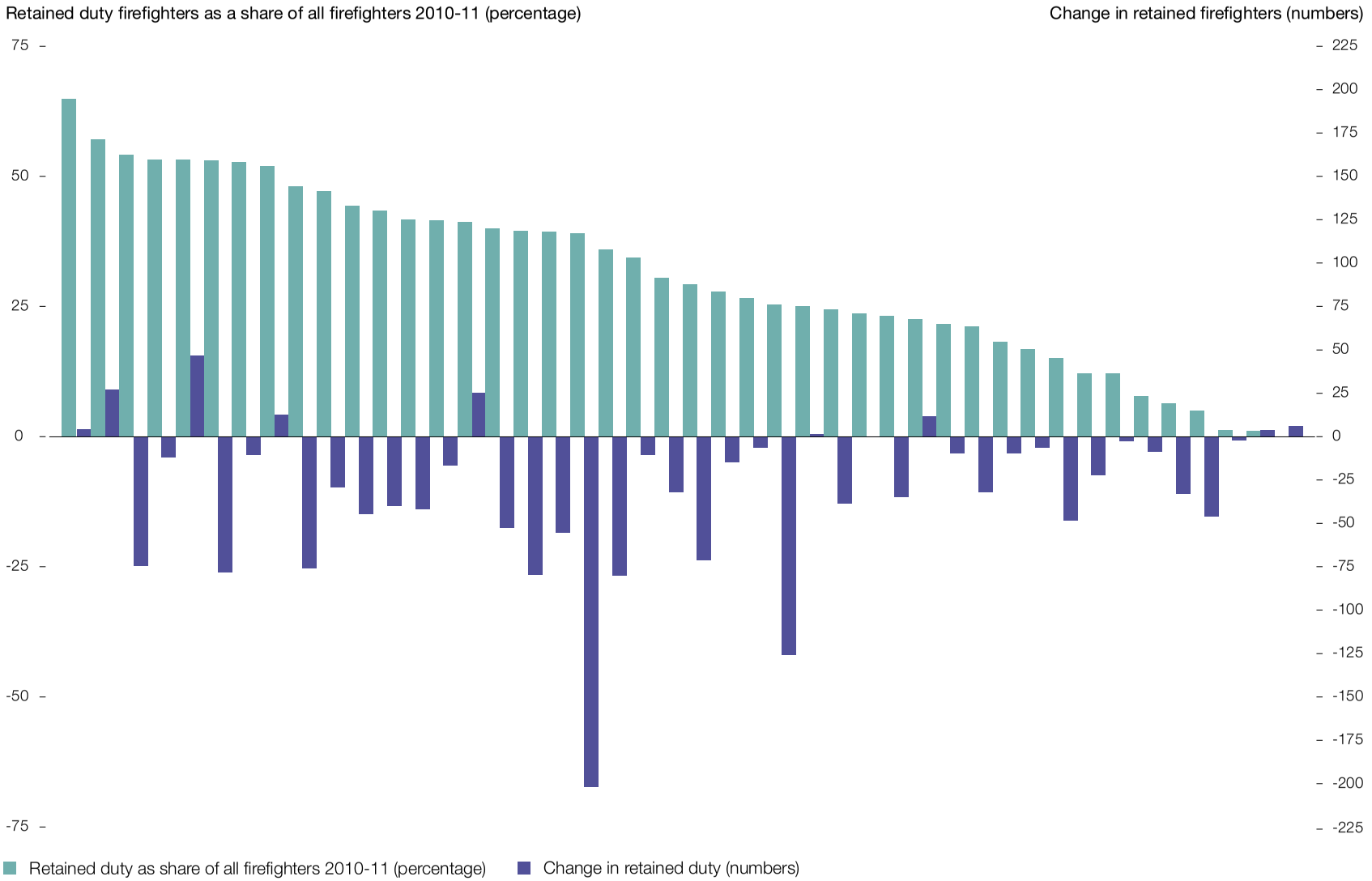
2.17 The Knight Review identified greater use of retained duty firefighters as a potential source of savings.[12] However, overall numbers of retained firefighters have fallen across the sector as a whole at roughly the same rate as whole-time firefighters. Numbers of retained firefighters have fallen in authorities with a tradition of using them, and have also reduced in authorities where their use was more limited (**Figure 14** overleaf).

12 Sir Ken Knight, *Facing the future: Findings from the review of efficiencies and operations in fire and rescue authorities in England,* Department for Communities and Local Government, May 2013, pp. 31–33.

Figure 14

Change in numbers of retained firefighters 2010-11 to 2014-15

Almost all fire and rescue authorities have seen a reduction in retained firefighters



Source: National Audit Office analysis of Department for Communities and Local Government data

2.18 Our case study interviews indicated that authorities with little tradition of using retained firefighters felt this model was not appropriate for their area:

- Greater Manchester has a small number of retained firefighters in more rural areas, but said it had struggled to increase their number. Difficulties included finding people who live or work in the vicinity of certain fire stations, or who are also willing to provide cover after work (given this means not being able to drink alcohol or leave the immediate area). It also suggested employers were becoming less willing to employ retained firefighters, given the disruption their duties could cause to production.

2.19 Authorities with a tradition of using retained firefighters also indicated the system was coming under pressure:

- 80% of Lincolnshire's appliances are crewed by retained firefighters. This had been as high as 97%, but the authority has taken the decision to invest in more whole-time firefighters due to concerns over the availability of retained firefighters. On occasions, as many as 15 of Lincolnshire's 48 fire engines have been unavailable due to lack of retained firefighters. The authority believes retention and recruitment of retained firefighters has become harder in part because of the decline in fires, which has reduced the financial and intrinsic rewards of the role.

Managing job reductions

2.20 In general, reductions in staff numbers have come from a drop in recruitment activity rather than an increase in exits (**Figure 15** overleaf). In particular, none of our case study authorities had made whole-time firefighters redundant on a compulsory basis, and none was aware of compulsory redundancies elsewhere in the sector. We had a clear sense that many of our case study authorities were keenly aware of the risk of industrial action or legal challenge associated with further job losses.

Stations and appliances

Stations

2.21 There has been little change in the number of fire stations. Total numbers fell by 2.0% from 2010-11 to 2014-15. There was no change in the net number of whole-time fire stations.[13] Numbers of retained duty system stations fell by 3.9%.

2.22 At the level of individual fire authorities:

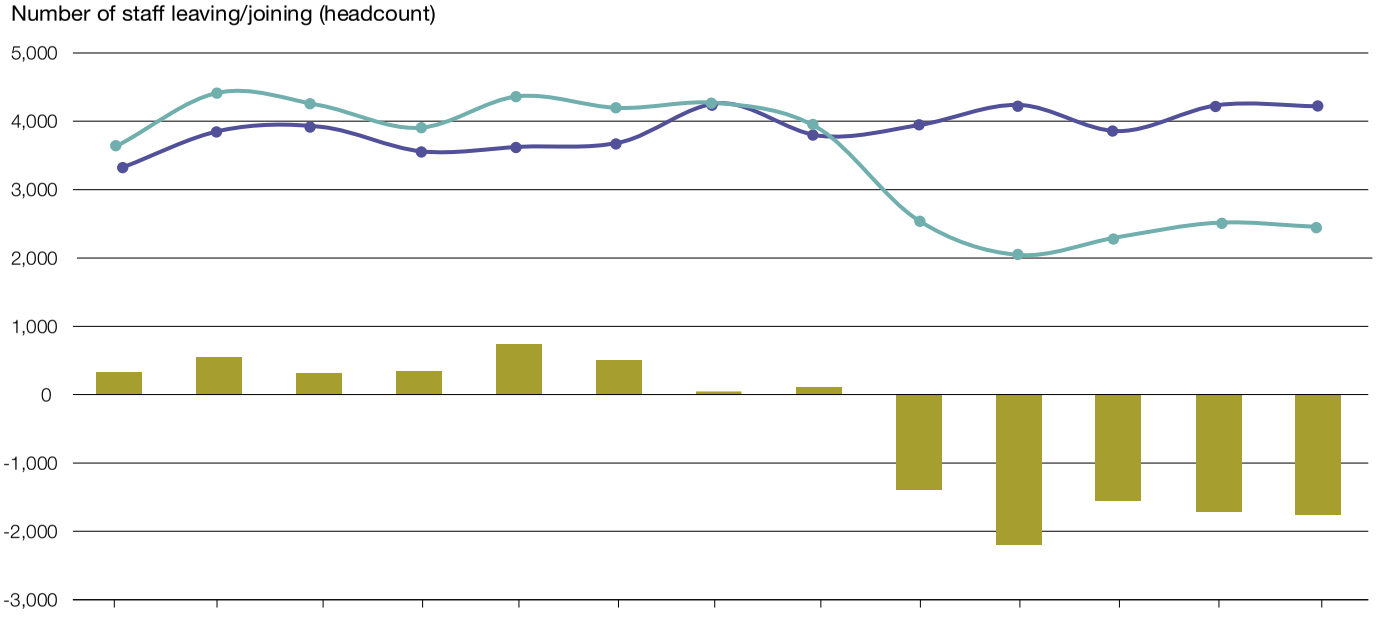
- 26.8% of authorities saw a net reduction in their total number of stations;
- 12.2% saw a net increase in total station numbers; and
- 61.0% of authorities saw no net change in total station numbers.

13 Whole-time stations include mixed whole-time and retained stations.

Figure 15

Change in rates of staff entries and exits in the fire sector 2002-03 to 2013-14

Reductions in staff numbers have come from a drop in recruitment activity rather than an increase in exits



	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Joining in year	3,646	4,410	4,228	3,895	4,357	4,186	4,258	3,892	2,546	2,037	2,296	2,507	2,446
Leaving in year	3,317	3,860	3,908	3,551	3,618	3,685	4,255	3,778	3,936	4,230	3,847	4,228	4,210
Net change	329	550	320	344	738.9	501.2	3.19	114	-1,390	-2,193	-1,551	-1,721	-1,764

Note

1 Numbers 'joining in year' are an estimate based on the difference between total headcount at year end and numbers leaving in year.

Source: National Audit Office analysis of Department for Communities and Local government data

2.23 Authorities we spoke to indicated that they prioritised the protection of their stations. Some, including the West Midlands, were keen to maintain them as they protected response times. Others such as Greater Manchester felt they represented important public assets and their redevelopment as community facilities was preferable to closure. Under the National Fire Framework, considerable emphasis is placed on local scrutiny and accountability to manage the prioritisation of resources by individual authorities.[14]

2.24 A common theme across our case study authorities was the value placed by the public on fire stations, and the resulting high degree of local public interest in any proposed station closures. Authorities would often look for a range of options short of station closure in order to minimise local disputes.

Appliances

2.25 Authorities we spoke to have tried to protect numbers of operational appliances. These are seen as less of a priority to the public than fire stations, but authorities prioritise them as they underpin local response and resilience. Numbers of pumps and aerial appliances have fallen by only 4.4% from 2010-11 to 2014-15, compared to a reduction of 8.7% in non-operational fleet vehicles. Overall:

- 57.1% of authorities reduced their net number of pumps and aerials between 2010-11 and 2014-15;
- 23.8% saw no net change; and
- 19.0% saw a net increase.

2.26 Our case study authorities indicated that they had taken a range of approaches to their use of appliances in order to deliver savings including:

- Cleveland and West Midlands, among others, have replaced traditional appliances with smaller firefighting vehicles. These are less expensive than traditional appliances and require smaller crews but maintain response times.
- Lincolnshire has reduced its number of aerials and instead has strengthened its mutual aid arrangements with neighbouring authorities.
- Dorset has extended the operational life of their appliances from 12 to 15 years.

Collaboration and integration

2.27 There is some evidence that fire authorities have sought to integrate and collaborate with other authorities in pursuit of savings. The Department has sought to incentivise the sector to pursue such projects through a range of actions including a £75 million Fire Transformation Fund.

14 Department for Communities and Local Government, *Fire and rescue national framework for England*, July 2012.

Operational collaboration

2.28 The Knight Review, which was endorsed by the Department, highlighted the potential for authorities to make savings through a shared approach to operational processes, notably control rooms.[15] Following the failure of FiReControl, a national programme to establish nine regional control rooms, the Department has provided authorities with £79 million to support the consolidation of control rooms on a local basis.[16] Projects funded by the Department have so far been slower to complete than expected, although the Department now expects total savings of £143 million, some £8 million higher than originally anticipated. The Department's latest expectation is that 20 (91%) projects will be completed by March 2016.

2.29 A number of authorities we spoke to had moved to shared control rooms in some form. West Midlands, for example, now operates a joint control centre with Staffordshire, in a project to which the Department has contributed £3.6 million. Greater Manchester has opened a joint control room with Lancashire, Cheshire, and Cumbria, following a grant of £8.4 million. Both West Midlands and Greater Manchester reported that their share of savings from the projects was around £1 million per year.

Back-office collaboration

2.30 Authorities we spoke to were pursuing a variety of savings to back-office functions, though some expressed caution about outsourcing:

- **West Midlands** had a long-standing shared service agreement with a local authority but has recently taken the treasurer role and democratic and committee services back in-house.
- **Greater Manchester** shares payroll and other finance functions with Lancashire County Council, but is cautious about outsourcing to the private sector. It cites examples of other local authorities which have taken services back in-house as their contracts were not flexible enough to cope with rapid change.
- **LFEPA** has a variety of shared arrangements in place or under development, chiefly with the Greater London Authority or other functional bodies. Areas covered include: payroll services, internal audit, sub-let or shared building space, and several aspects of procurement.

15 See footnote 12, p. 47.

16 Department for Communities and Local Government, *Future control room improvements – Government update on fire and rescue authority schemes and Ex-Fire Regional Control Centres – marketing and disposal (March 2015 update)*, Department for Communities and Local Government, March 2015.

‘Blue light’ collaboration

2.31 Recently the government has begun to consult on a number of proposals aimed at increasing collaboration among emergency (‘blue light’) services. This includes introducing a duty on the emergency services to actively consider collaboration opportunities and enabling Police and Crime Commissioners to take on the duties and responsibilities of fire and rescue authorities.[17] Previously, the Knight Review suggested three main areas for increasing efficiency through collaboration with other ‘blue light’ services: joint procurement, co-location, and integrating operational duties (‘co-working’).[18] We learned of a number of such projects:

- **West Sussex** is collaborating with Surrey Fire and Rescue, East Sussex Fire and Rescue, Surrey Police, Sussex Police, and South East Coast Ambulance Service. These partners have received £6 million from the Department under the Fire Transformation Fund to create a merged transport service. The project aims to save £20.3 million over ten years by rationalising vehicle repair shops, fuel dumps, and fuel procurement. Another major ambition is to move to a joint control room for all six services, West Sussex and East Sussex having already merged control rooms.
- **Cleveland** has signed a memorandum of understanding with Cleveland Police to share buildings and facilities (co-locating). Plans include conversion of its headquarters into a training centre to be used by all local emergency services. It is in talks with North East Ambulance Service about sharing facilities and co-locating ambulances at fire stations.
- **Lincolnshire** is piloting the use of fire ambulances to co-respond to medical emergencies with East Midlands Ambulance Service. Under this pilot, enabled by a £400,000 one-year grant from the Department, East Midlands Ambulance Service sends a paramedic to an incident by car, while Lincolnshire sends the ambulance crewed by retained firefighters. By supplementing the capacity of the ambulance service, and utilising the geographical spread of its fire stations, the fire service may be able to reduce the time taken to transport patients to hospital.

17 HM Government, *Enabling closer working between the Emergency Services*, September 2015.
18 See footnote 12, p. 52.

2.32 In common with Lincolnshire, many of the authorities we spoke to were engaged in service delivery arrangements with local health bodies. As demand for emergency response falls authorities are keen to utilise the latent capacity in their operational resources, while allowing them to maintain a sufficiently robust level of fire cover. Several of our case study authorities have sought to expand the services provided in fire risk checks to include aspects of public health work, for instance. Greater Manchester told us its data modelling indicates that people vulnerable to fires are also vulnerable to ill health. It has set up pilot Community Risk Intervention Teams which respond to a range of incidents, including cardiac arrests, breathing difficulties, falls and mental health concerns. While Greater Manchester has commissioned independent cost–benefit analysis of this work, overall there is currently a lack of evidence to assess whether firefighters are the most appropriate people to carry out these duties. There is also a lack of clarity as to how these schemes will be funded if the Departmental funding streams that underpin many of these activities currently are ended.

Mergers between authorities

2.33 Dorset and Wiltshire fire and rescue authorities will merge on 1 April 2016. Savings are expected to come from reducing management and back-office posts, a joint control room, and more efficient crewing arrangements. In the absence of merger, both were concerned they would have had to reduce whole-time firefighters with an impact on service delivery. The Department has supported this merger via a £5.5 million grant.

2.34 The Knight Review said mergers between authorities could offer significant opportunities for efficiencies.[19] Despite this, Dorset and Wiltshire are the only example of a merger in the context of the funding reductions which began in 2010-11. Authorities we spoke to had a range of views:

- Dorset and Wiltshire observed that one of the biggest barriers to mergers is the Department's approach to harmonising council tax precepts. This will have the effect of holding rises down in the area with a higher precept, in order to allow the area with a lower precept to catch up over five years.
- West Midlands favours and continues to explore closer collaboration and potential regional merger with its neighbours, citing a shared commitment to develop collaboration and joint working as expressed in their respective Integrated Risk Management Plans (IRMPs). Discussions remain ongoing.
- Cleveland considered that merger was not a simple solution to funding reductions, especially where neighbouring authorities were facing equally great financial challenges.

2.35 The Department has told us that that it is prepared to work with fire authorities which wish to merge and that options on council tax equalisation can be part of the discussion.

19 See footnote 12, p. 46.

Part Three

Implications for financial and service sustainability

3.1 This part assesses the impact of funding reductions and fire authorities' responses on their financial health and their service sustainability. It examines the:

- implications of funding reductions on authorities' financial sustainability;
- changes to service provision in response to funding reductions; and
- impacts of funding reductions on service outcomes.

Maintaining financial sustainability

3.2 As with local authorities, fire and rescue authorities operate within a legal framework that effectively prevents them becoming insolvent. Nonetheless, assessing authorities' capacity to absorb further reductions is vital for identifying whether any are at risk of breaching their statutory responsibilities.

Financial sustainability

3.3 Among stand-alone authorities total reserve levels have grown. However, within this aggregate picture more authorities have begun to draw on their reserves. No stand-alone authorities drew on reserves in 2010-11, but by 2014-15, 21.4% drew on their reserves. However, use of reserves is only a potential indicator of stress as reserves can form part of a robust financial strategy. This may include, for instance, invest-to-save activities.

3.4 There have been no financial failures since funding reductions began in 2010-11. No 'section 114' reports have been produced for fire authorities (which are necessary if an authority were unable to balance its books). Equally, no fire authorities have had their accounts qualified.

3.5 However, underlying these high-level indicators there are some potential signs of stress. Annual governance returns show that auditors raised concerns over aspects of the financial health of five stand-alone authorities in 2013-14. Peer challenges of fire and rescue authorities, which do not focus on financial sustainability, nonetheless highlighted financial concerns in two stand-alone authorities. Overall, there were ten stand-alone fire authorities (out of 30) that had either used reserves in 2014-15 or had some indication of financial pressure in either their most recent annual governance report or peer challenge.

3.6 Assessing the financial health of county fire authorities and LFEPA is more complex as there is less financial information available. However, all these bodies have had peer challenges and two made specific reference to financial concerns. One raised questions about the long-term sustainability of the service in its current configuration given the financial pressure facing the county council.

Impact on service sustainability

Emergency response

3.7 The defining feature of each authority's emergency response service is its response standard: the time in which it aims to reach each incident. We have been able to identify 33 sets of standards from 46 fire authorities. Several have changed since 2010-11, but only one case is linked to budget pressures.

3.8 However, several authorities indicated that they have changed or plan to change aspects of their response due to funding pressures. This includes:

- Sometimes responding with smaller appliances that have reduced crew levels. West Midlands has introduced smaller firefighting vehicles with three crew, compared to standard pumps with five.
- Reducing crewing levels on standard pumps. Cleveland indicated that they have reduced the number of firefighters from five to four on the majority of their whole-time pumps.

3.9 Authorities we spoke to indicated there were risks linked to the actions they had taken or may take to deliver savings, particularly in relation to any further reductions in firefighters. Some authorities were concerned that this may potentially degrade the overall service offer, as falling staff numbers may lead to fewer appliances and stations. One authority was also concerned that further firefighter reductions might increase risks to firefighter safety. Another was concerned that staff reductions would prompt industrial action. Other authorities mentioned that changing crewing arrangements for specialist equipment increases the time taken to mobilise these appliances.

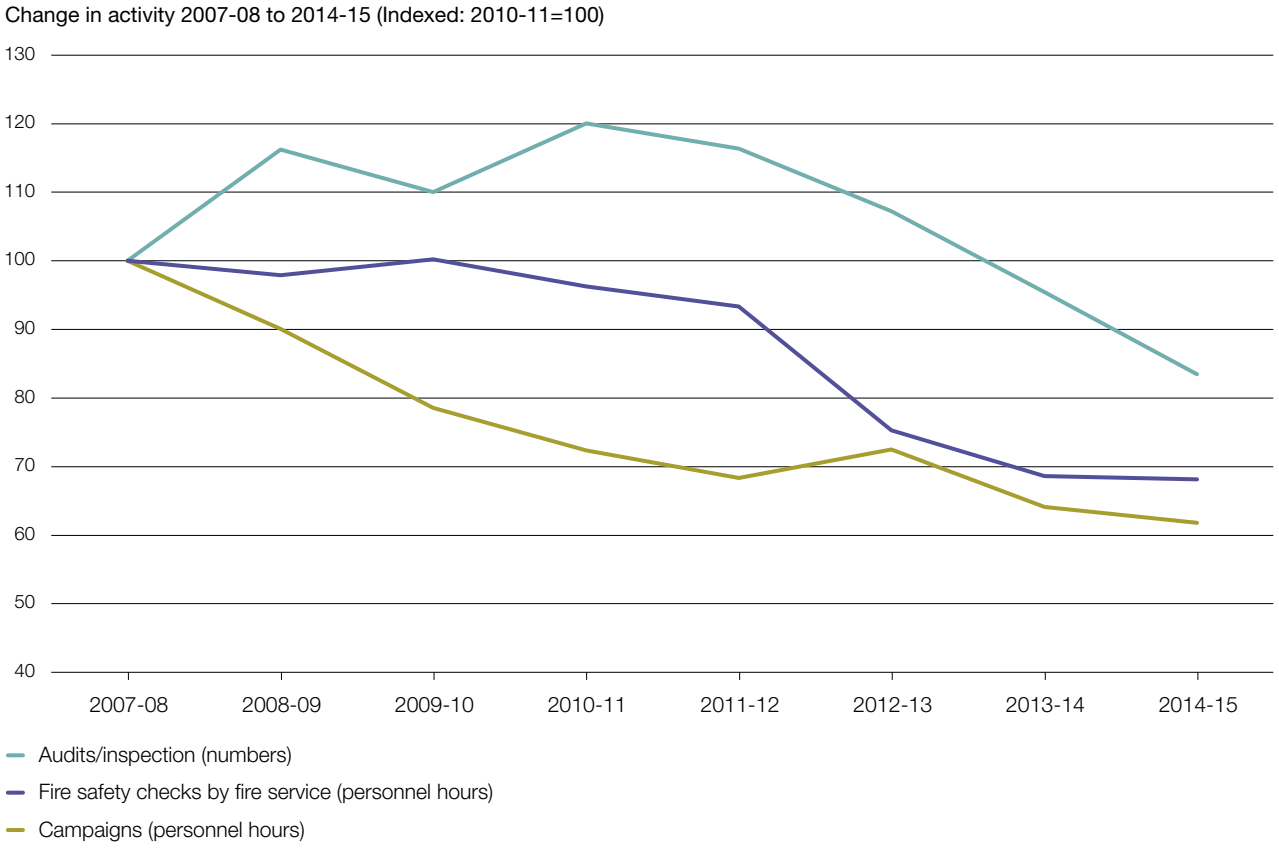
Prevention and protection

Reductions in activity

3.10 Fire and rescue authorities have a statutory duty to provide prevention and protection services, though there is no minimum standard specified. Fire and rescue authorities have reduced these activities since 2010-11 (**Figure 16**).

3.11 There may be factors in addition to funding reductions underlying some of these changes, however. Time spent on campaigns, for instance, was falling before 2010-11. The Department believe that these reductions have been driven by greater targeting of activity on high risk groups.

Figure 16
Changes in fire prevention and protection activity



Source: National Audit Office analysis of Department for Communities and Local Government data

3.12 The most noticeable reductions in fire safety check activity have taken place since 2010-11. Nonetheless, the Department argues that this may also be partly explained by authorities targeting their activity; properties where the householder is disabled where time spent on checks has increased by 29.7%. They also point to the fact that a higher percentage of homes now have smoke alarms.

3.13 Evidence from our case studies suggests that some, but not all, authorities had reduced their prevention and protection work in response to funding reductions. The West Midlands and the London Fire Brigade, in particular, mentioned the potential impact of staff reductions on delivering their protection work. However, London Fire Brigade has made productivity improvements, such as the introduction of new ways of working, that they feel have offset reductions in staffing to date.

Impacts of reductions of prevention and protection activity

3.14 Case study authorities lacked strong evidence on the potential impacts of reductions in protection and prevention work. This tended to reflect the difficulty of isolating the precise impact of these activities rather than any view that reducing them would have no effect. West Midlands expressed concerns that there may be a lag between a reduction in prevention and protection work and an increase in incidents. In recent years London Fire Brigade has avoided making further reductions in this front-line service area.

3.15 This reflects a lack of detailed understanding of the contribution made by protection and prevention activities at a central government level. The Department states that protection and prevention activities have contributed to the downward trend in fires in recent years, but is also aware that other factors – such as regulations on flame-retardant furniture – have had an impact.[20] There is a lack of detailed research on the relative contributions made by such differing factors behind the improvement in outcomes in recent years. In the absence of such research, neither the Department nor individual authorities are well-placed to assess the potential impacts of reductions in preventative activities.

Impacts on service outcomes

Response times

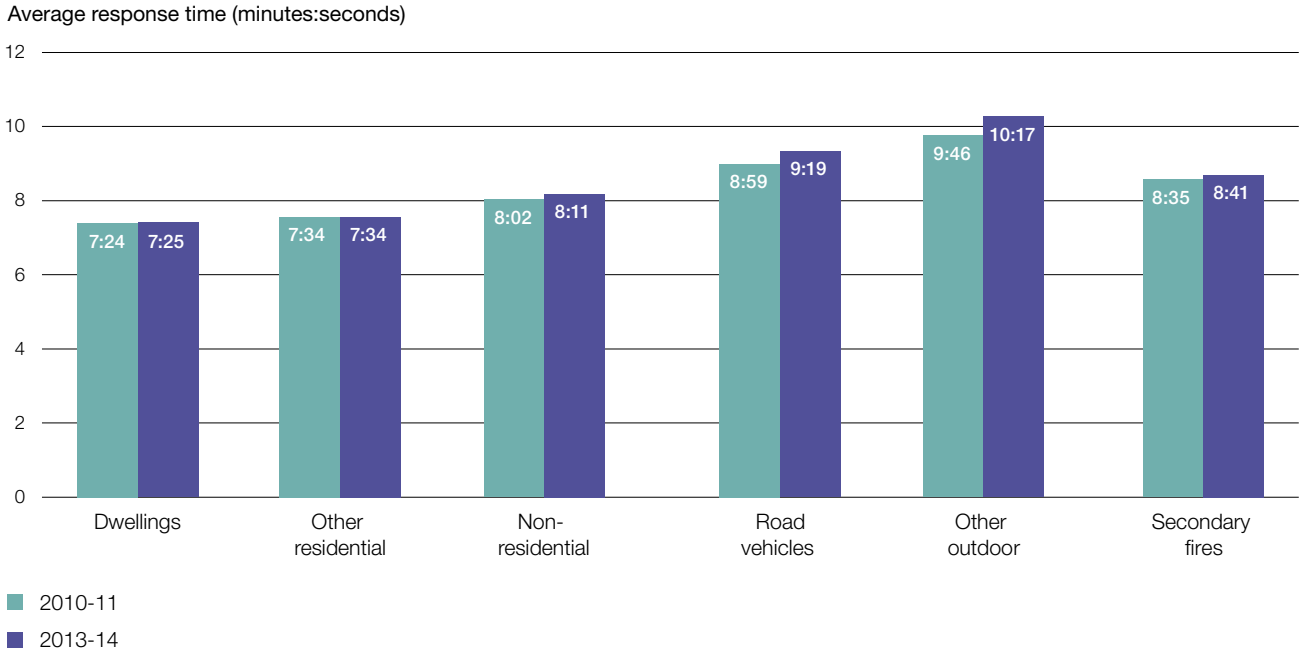
3.16 Average response times have increased slightly over this period from 8 minutes 16 seconds in 2010-11 to 8 minutes 24 seconds in 2013-14 for all primary fires. Almost all types of fire saw an increase in average response time, although some were marginal (**Figure 17**). This comes after a period of significant increases in response times in the previous decade. Increased traffic volumes were identified as the main reason for those earlier increases.[21]

20 Comptroller and Auditor General, *Financial sustainability of fire and rescue authorities*, Session 2015-16, HC 491, National Audit Office, November 2015, paragraphs 2.8-9.

21 Greenstreet Berman, *FSEC and the FRS relative needs formula*, draft report for the Department for Communities and Local Government, 2010.

Figure 17
Change in average response times, 2010-11 to 2013-14

Average response times to most types of fires have increased slightly



Source: National Audit Office analysis of Department for Communities and Local Government data

3.17 Authorities told us that changes they had made had not had significant impacts on their response times:

- West Sussex said that average response times had been steady. In the year they closed three retained stations their response performance improved as the nearest appliance was then from whole-time stations which were able to mobilise more quickly.
- London Fire Brigade said that closure of ten stations had a marginal impact on response times for the first appliance to a fire. Redistribution of appliances from closed stations to busier stations had enabled performance improvements in some areas for the speed of attendance of the second appliance.

Numbers of fires

3.18 Numbers of primary fires fell by 62.5% from 2001-02 to 2014-15. This pattern is shared across all types of primary fire (**Figure 18**). Secondary fires have seen a similar rate of reduction (66.5%) over this period.

3.19 The rate of improvement for primary and secondary fires has not changed substantially since 2010-11. From 2010-11 to 2014-15, the number of primary fires fell by 23.2%, compared to a 28.6% reduction in the preceding five-year period. The slight slowdown was attributable to a slowdown in the rate of reduction in vehicles fires. Secondary fires fell by 38.8% from 2010-11 to 2014-15 compared to a 36.3% reduction in the previous period.

3.20 The Department says the reduction in fires reflects high numbers of smoke alarms and fire safety advice provided by fire and rescue authorities.[22] The Knight Review also pointed to additional factors, such as government regulations on flame-retardant furniture and building regulations.[23] There is no definitive assessment of the different contributions made by all of these potential drivers of improvement, however. Overall, the sector has a strong understanding of risk factors that cause fires, but a much weaker comprehension of the elements that have underpinned the fall in numbers of incidents.

Casualties

3.21 Numbers of casualties in fires have fallen since 2001-02 (**Figure 19** on page 44). Fatal casualties fell by 43.7% and non-fatal casualties (excluding first aid) by 65.0%. The rate of improvement in both cases has not slowed since 2010-11.

3.22 Within this overall improvement there are differences in performance of individual authorities (**Figure 20** on page 45 and **Figure 21** on page 46).[24] In relation to fatalities, the pattern has stayed stable throughout the last 15 years with a large minority of authorities showing increases in each five-year period. In general, each phase of growth for an individual authority is followed by a reduction in the subsequent period. This pattern reflects a system that is largely 'in control', with variation driven by random events rather than structural differences between places. In particular, we found no link between change in spend since 2010-11 and change in fatalities.

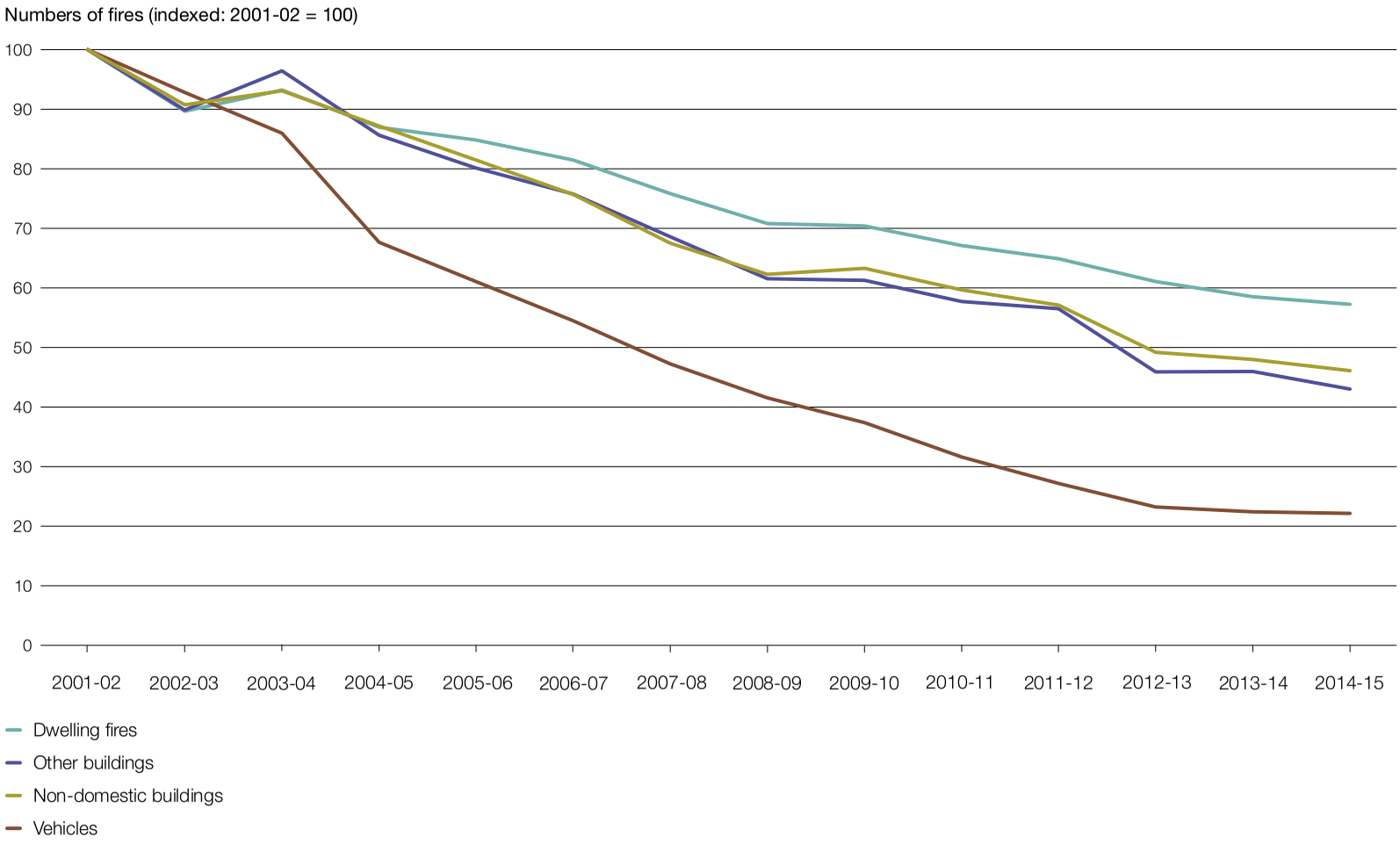
3.23 The pattern in relation to non-fatal casualties appears different, as there is a growing number of authorities experiencing increases: 11 since 2010-11, compared to five in the previous period and one in the first. However, we found no link between change in spend since 2010-11 and change in non-fatal casualties. We suspect that again these changes are driven by statistical rather than structural factors. Nonetheless, there may be a case for developing a deeper understanding of the precise cause of the growing number of authorities showing increases.

22 Available at: http://dclgapps.communities.gov.uk/indicators/fire-related-casualties-per-100000.html
23 Sir Ken Knight, *Facing the future: Findings from the review of efficiencies and operations in fire and rescue authorities in England,* Department for Communities and Local Government, May 2013, pp. 38, 71.
24 Change in each period is based on two-year averages. Data is standardised by population.

Figure 18

Change in primary fires by type, 2001-02 to 2014-15

Numbers of all types of primary fires have been in long-term decline since 2001-02

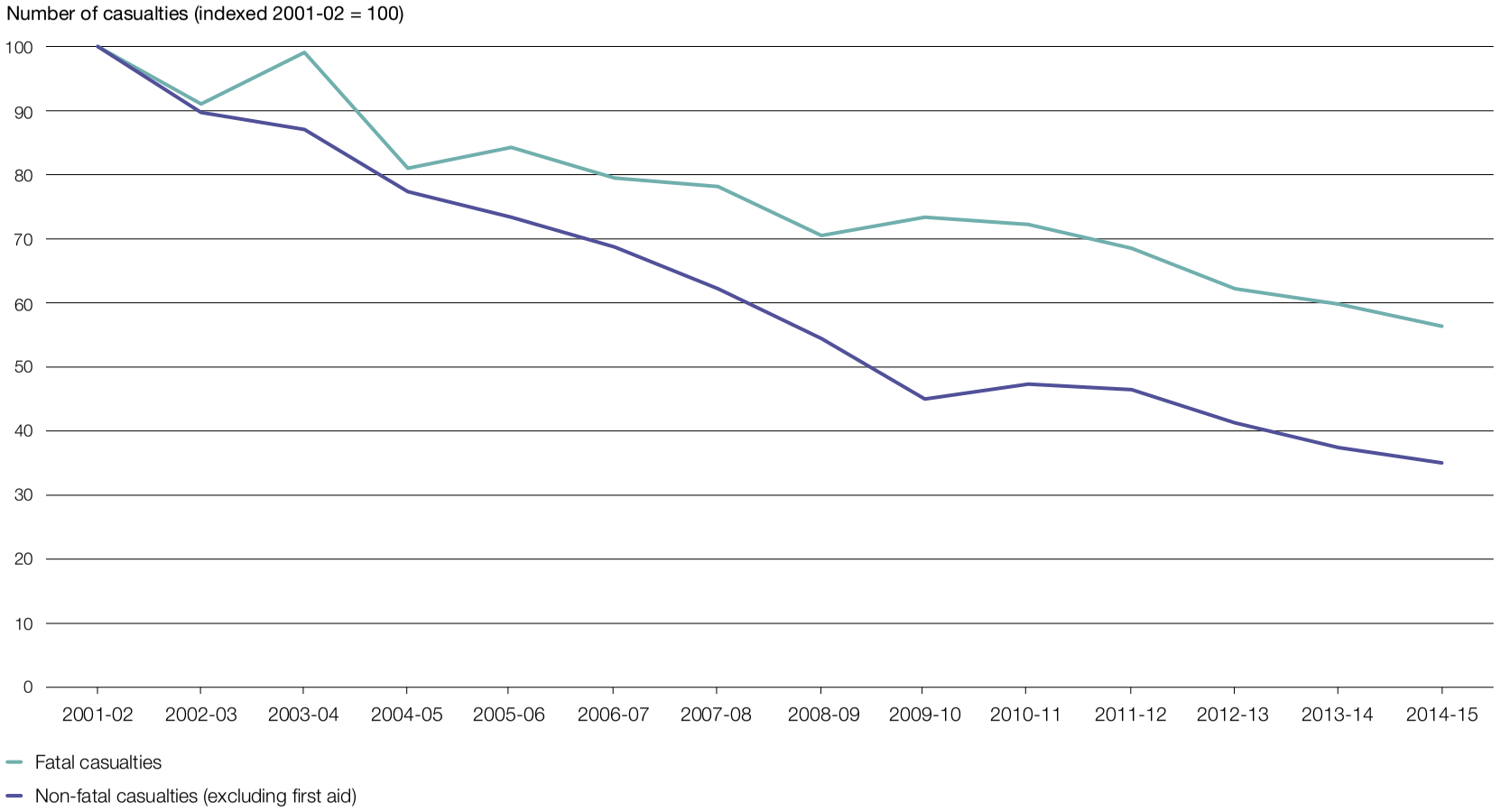


Source: National Audit Office analysis of Department for Communities and Local Government data

Figure 19

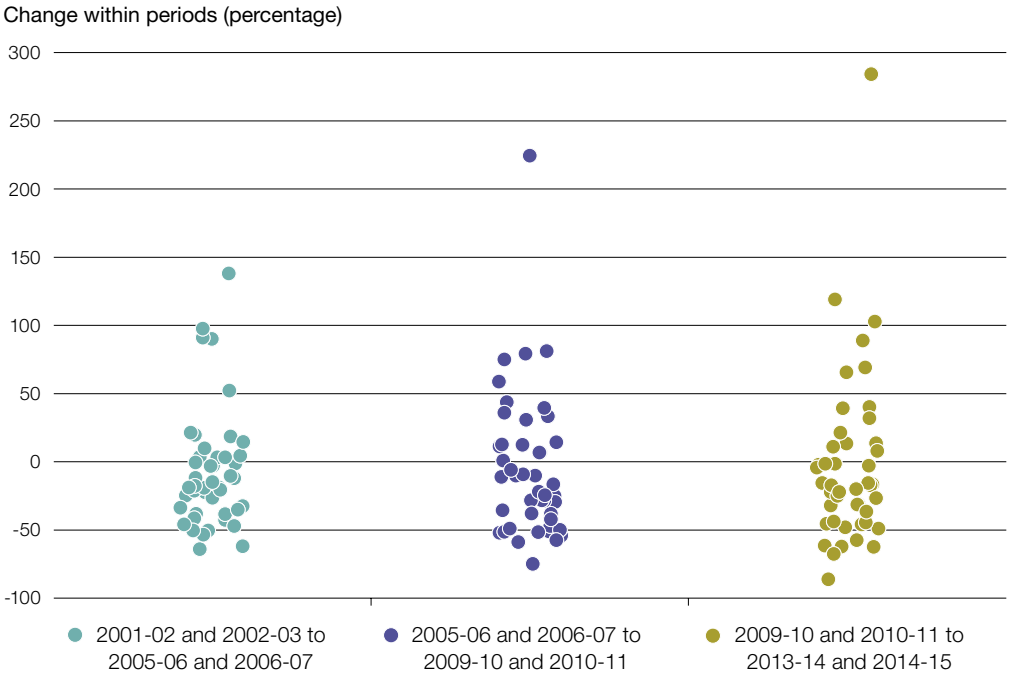
Change in casualties, 2001-02 to 2013-14

Numbers of casualties have been in long-term decline since 2001-02



Source: National Audit Office analysis of Department for Communities and Local Government data

Figure 20
Change in fatal casualties (per 1,000 population)



Note

1 Change in each period is based on two year averages. Data is standardised by population. See Methodology, available at: www.nao.org.uk/report/impact-of-funding-reductions-on-fire-and-rescue-services/

Source: National Audit Office analysis of Department for Communities and Local Government data

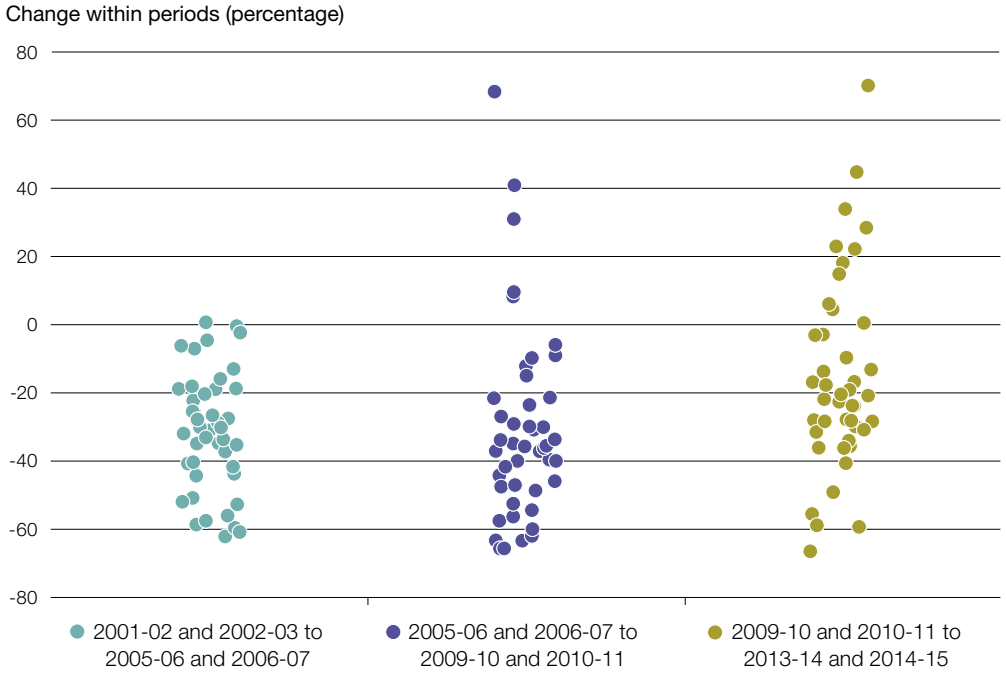
Personnel injuries

3.24 Health and safety statistics for firefighters have improved since 2002-03 (**Figure 22** on page 47). From 2002-03 to 2014-15 numbers of personnel injured at fires fell by 67.4%. Numbers injured at special service incidents and during training and routine activities fell 53.4% and 53.1% respectively.

3.25 Rates of injuries since 2010-11 have fallen at the same rate as the previous phase, with the exception of injuries at special service events. These increased by 10.1% from 2010-11 to 2014-15. We found no link between this increase and change in spend at the fire authority level. There were also no links between change in spend in authorities and change in injuries at fires or during training and routine activities.

Figure 21

Non-fatal casualties (excluding first aid) (per 1,000 population)



Note

1 Change in each period is based on two year averages. Data is standardised by population. See Methodology, available at: www.nao.org.uk/report/impact-of-funding-reductions-on-fire-and-rescue-services/

Source: National Audit Office analysis of Department for Communities and Local Government data

3.26 As with non-fatal injuries, the overall picture of improvement in the numbers of personnel injured contains a pattern in which a growing number of authorities have seen an increase in rates of injuries (**Figures 23** and **24** on page 48).[25] In terms of total injuries only two authorities saw an increase in injuries in the first half of the last decade, nine in the second half and 12 since 2010-11. In relation to injuries at fires, 17 saw an increase in the first half of the last decade and 16 in the second, compared to 25 since 2010-11.

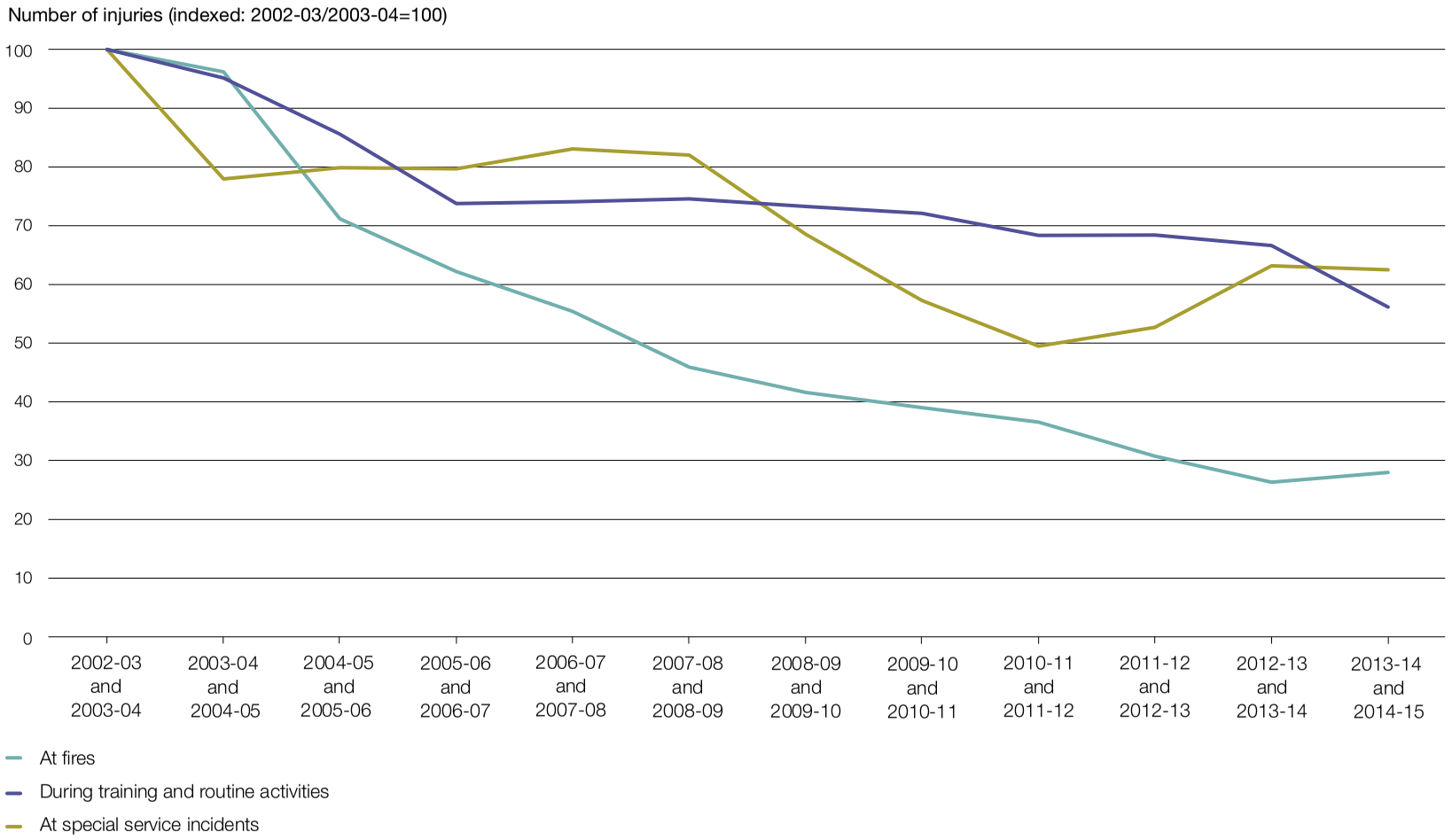
3.27 The tendency for strong performance by an authority in one phase to be followed by weaker performance in the next suggests that it is random events rather than structural differences between areas driving variations. We found no link between changes in spend at the authority level since 2010-11 and change in any type of injury to personnel. Nonetheless, as with non-fatal injuries, there is a case for a more detailed analysis of the factors underlying these patterns.

25 Change in each period is based on two-year averages. Data is standardised by population in Figure 23 and by the number of primary fires in Figure 24.

Figure 22

Change in injuries to personnel 2002-03 to 2014-15

Health and safety statistics for firefighters have improved since 2002-03

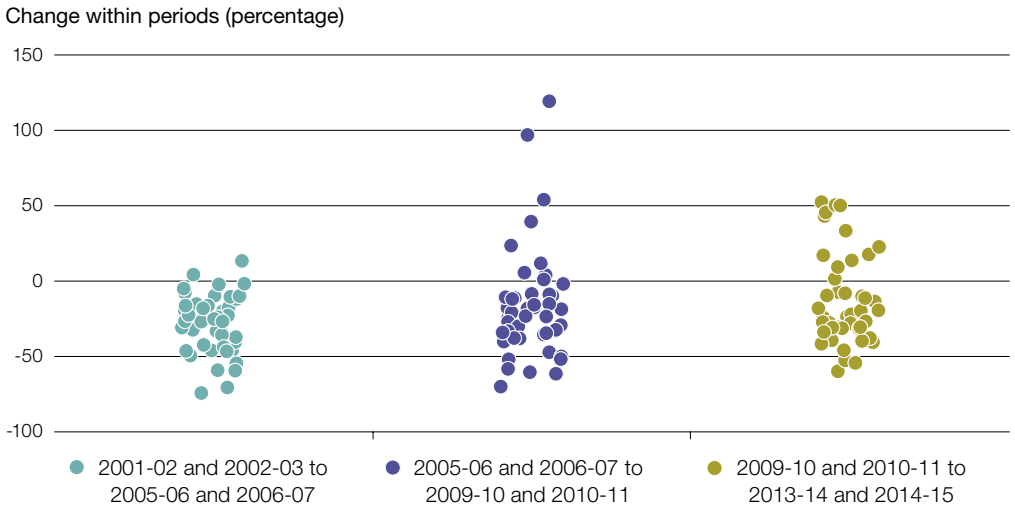


Note

1 Data points are shown for two-year averages.

Source: National Audit Office analysis of Department for Communities and Local Government data

Figure 23
Change in personnel injured (per 1,000 population)

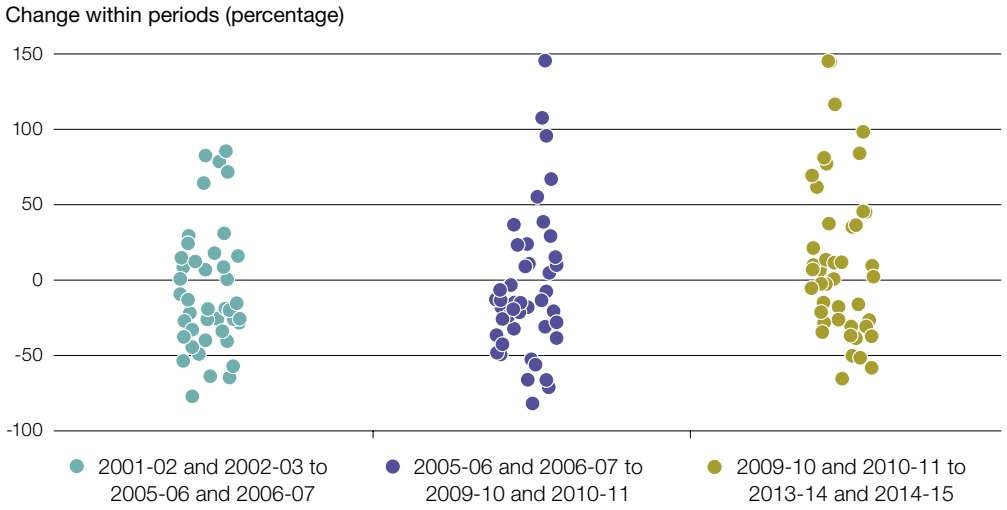


Note

1 Change in each period is based on two-year averages. Data is standardised by population. See Methodology, available at: www.nao.org.uk/report/impact-of-funding-reductions-on-fire-and-rescue-services/

Source: National Audit Office analysis of Department for Communities and Local Government data

Figure 24
Change in personnel injured in fires (per 1,000 fires)



Note

1 Change in each period is based on two-year averages. Data is standardised by population. See Methodology, available at: www.nao.org.uk/report/impact-of-funding-reductions-on-fire-and-rescue-services/

Source: National Audit Office analysis of Department for Communities and Local Government data

Special service incidents

3.28 Numbers of special service incidents fell by 14.8% from 2010-11 to 2014-15. Major contributory factors were a 38.4% fall in lift release incidents and a 55.6% reduction in responses to good intention false alarms.

3.29 These last two figures may reflect steps taken by fire authorities. London Fire Brigade, for instance, has introduced a charge for attending lift release incidents. This has reduced demand from this source, as the Brigade believes it has encouraged property owners to improve lift maintenance. In relation to false alarms, many authorities have introduced policies which mean they will often attend once an automatic alarm has been confirmed as a genuine incident.

Risk and resilience

3.30 Fire authorities we spoke to stressed they were risk-based organisations designed to provide resilience against major events, rather than meet average demand. For example:

- Over the last five years West Midlands has had an average of between two and five appliances in use in any five minute period. However, its maximum utilisation rate over this period ranges from 20 to 40 appliances at any one time.
- Since 2010, Cleveland has had to use more than 50% of their appliances at the peak of each of its ten largest incidents, with one requiring 90% of available appliances.
- Lincolnshire had an average mobilisation rate measured over a day of between 22 to 28 appliances since April 2010, but this includes four peaks in which over 50 appliances were mobilised in one day, including one involving 80 appliances (with a number of appliances coming from other authorities).[26]

3.31 Alongside attending major events or incidents, fire authorities have to respond to normal daily demand. Authorities suggested their capacity had at times been under stress to meet this demand. All had experience of calling on other fire authorities to provide support at the major incident, or to ensure the authority was able to cover the risk of additional demand elsewhere during the incident.

3.32 Fire and rescue authorities collect data on major incidents and this is reported to the Department through its incident recording system. The Department does not publish this data. However, data provided for this study by the Department shows that the number of fires requiring five or more vehicles (of any type), an indicator they believe to be a reasonable proxy for a large incident, has fallen by 31.5% from 2010-11 to 2014-15. The total number of fires has fallen by 32.3% over the same period. While this of course does not mean that fire authorities are not faced with the same peaks in demand, this may indicate that the frequency of these peaks is reducing. Further analysis of the Department's data would be required to confirm this, however.

26 Averages calculated over full years from April to May for 2010-11 to 2014-15, and for the part-year from April to August 2015.

Appendix One

Our audit approach

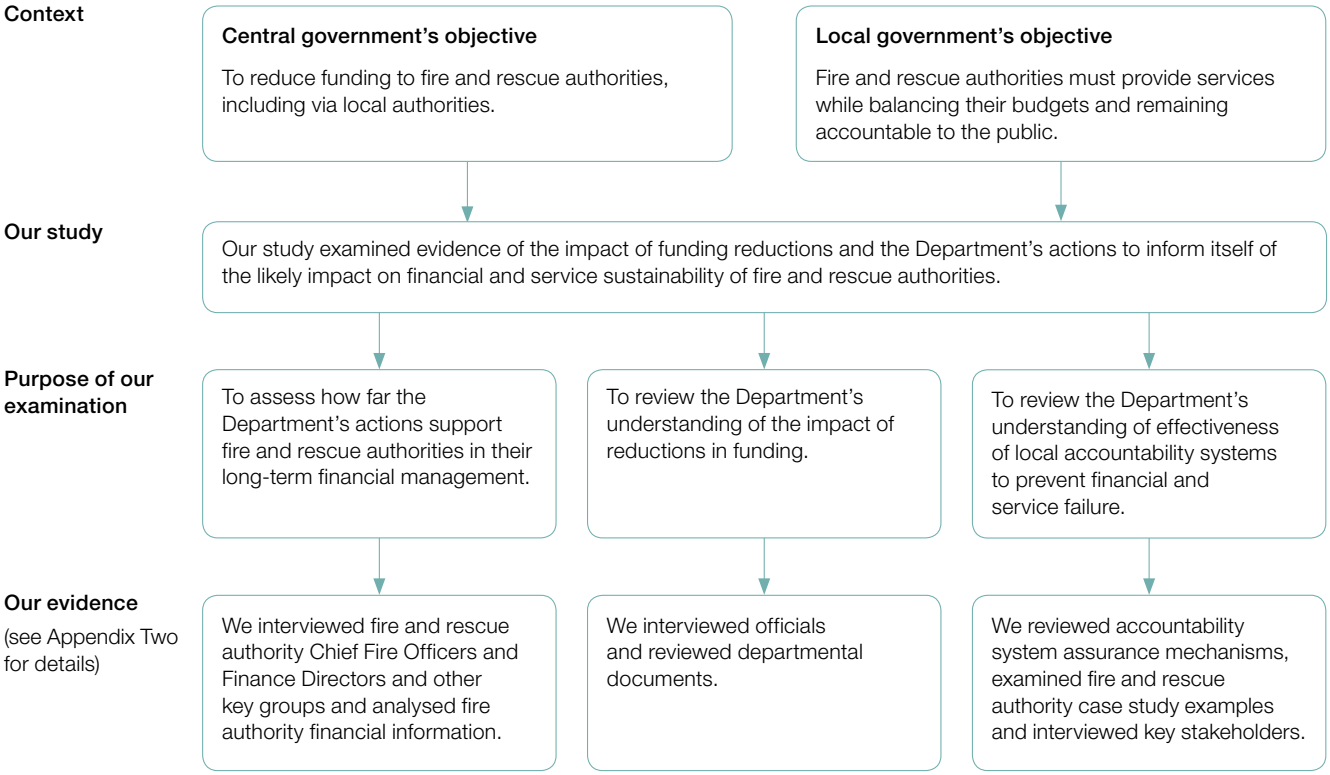
1 This report examined comparative patterns of change in income, spending and financial and service sustainability across fire and rescue authorities since 2010-11. It complements the report *Financial sustainability of fire and rescue services*.

2 There were three main elements to our work:

- We analysed data from the Department for Communities and Local Government (the Department) to understand the changes in fire and rescue authority income and expenditure since 2010-11.
- We analysed service and activity data from the Department to assess the impact funding reductions have had on fire and rescue authority service spending and provision since 2010-11.
- We gathered information from fire and rescue authority case studies to gain insight into the financial challenges the sector is experiencing and the different approaches authorities are taking to manage funding reductions and plan for the medium-term future.

3 Our audit approach is summarised in **Figure 25**. Our evidence base is described in Appendix Two.

Figure 25
Our audit approach



Appendix Two

Our evidence base

1 We reached our independent conclusions on the value-for-money risks of reducing fire and rescue authority funding after analysing evidence collected between January and August 2015. Our audit approach is outlined in Appendix One.

2 We interviewed officials from the Department for Communities and Local Government. We designed these interviews to focus on how the Department:

- informs itself of the impact of funding changes on fire and rescue authorities' finances and services; and
- assures itself that fire and rescue authorities are financially sustainable.

3 We visited case study authorities. We spoke to Chief Fire Officers, Finance Directors and Councillors across eight authorities: Cleveland Fire Authority, West Midlands Fire and Rescue Authority, Lincolnshire County Council, West Sussex County Council, Greater Manchester Fire and Rescue Authority, London Fire and Emergency Planning Authority, Dorset Fire Authority, and Wiltshire and Swindon Fire Authority. We selected these in order to compare the different types of authority (County, Combined and Metropolitan) across different regions and facing different funding pressures. We used these visits to gain insight into the financial challenges the sector is experiencing, approaches some authorities are taking to managing reductions in funding, and the way some authorities are planning for the medium-term future.

4 We analysed quantitative data on fire and rescue authority income, spending and service activity. A separate methodology setting out our approach to our quantitative analysis in detail is available at: www.nao.org.uk/report/impact-of-funding-reductions-on-fire-and-rescue-services/

5 We analysed findings in the ISA 260 reports of fire and rescue authorities' external auditors. We analysed these findings to identify trends in auditors' concerns about the financial sustainability of fire and rescue authorities.

6 We carried out a review of our own research and external literature. We focused on our recent research, which covered financial sustainability of local authorities as a whole. We also examined reports published by stakeholder groups on the reported impact of funding reductions on services and financial sustainability and on the efficiency of fire and rescue service provision.

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National Audit Office

Design and Production by NAO Communications
DP Ref: 10819-002