

*Consultation on the revocation of the
Devon Fire and Rescue Authority
combination scheme to allow for the
combination of Devon and Somerset
Fire and Rescue Authorities*

*Consultation on the revocation of
the Devon Fire and Rescue
Authority combination scheme to
allow for the combination of
Devon and Somerset Fire and
Rescue Authorities*

July 2006

Department for Communities and Local Government: London

On 5th May 2006 the responsibilities of the Office of the Deputy Prime Minister (ODPM) transferred to the Department for Communities and Local Government (DCLG)

Department for Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU
Telephone: 020 7944 4400
Website: www.communities.gov.uk

© Crown Copyright 2006

Copyright in the typographical arrangement rests with the Crown.

This publication, excluding logos, may be reproduced free of charge in any format or medium for research, private study or for internal circulation within an organisation. This is subject to it being reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the publication specified.

Any other use of the contents of this publication would require a copyright licence. Please apply for a Click-Use Licence for core material at www.opsi.gov.uk/click-use/system/online/pLogin.asp or by writing to the Office of Public Sector Information, Information Policy Team, St Clements House, 2-16 Colegate, Norwich NR3 1BQ. Fax: 01603 723000 or email: HMSOlicensing@cabinet-office.x.gsi.gov.uk.

If you require this publication in an alternative format please email alternativeformats@communities.gsi.gov.uk

DCLG Publications
PO Box 236
Wetherby
West Yorkshire
LS23 7NB
Tel: 0870 1226 236
Fax: 0870 1226 237
Textphone: 0870 1207 405
Email: communities@twoten.com
or online via the DCLG website: www.communities.gov.uk

Printed in the UK on material containing no less than 75% post-consumer waste.

July 2006

Product Code: 06 FPD 04043

CONTENTS

	Pages
Introduction	4
Background	5
The Devon and Somerset Business Case	6
Background on the 2 FRAs	6
The Drivers for Change	7
The Process Undertaken	8
Costs and Benefits of Combination	9
Operational	9
Impact on council tax	10
The position going forward	12
Governance	12
Management	12
Service Delivery	12
Support Services	13
Training	13
Property Issues	13
Procurement Strategy	13
Transition	14
The Wider Effects of the Proposed Merger	15
Strategic Impact	15
Financial Impact	15
Local Government Settlement	15
Efficiency Savings	16
Operational Impact	17
Legal	18
Combination Scheme Order	18
Constitutional Arrangements	18
Contractual Arrangements	18
Financial Provisions	19
Property Rights and Liabilities	19
Next Steps	20
Responses	21
Annex A – Proposed Management Structure	22–23

Introduction

1. In June 2006 Devon and Somerset Fire and Rescue Authorities (FRAs) submitted a business case to the Department of Communities and Local Government (DCLG) and a draft proposal for a voluntary merger between the two Authorities. As part of the DCLG's consideration of that business case and draft schedule we are consulting all relevant parties in accordance with section 4 (5) of the Fire and Rescue Services Act 2004 (the 2004 Act) on the revocation of the Devon FRA Combination Scheme.
2. Devon FRA is a combined authority constituted by a scheme under the now repealed Fire Services Act 1947. However, that scheme continues to have effect in accordance with Section 4 (2) of the 2004 Act.
3. If a new combination scheme is approved after the consultation by the Secretary of State the Devon FRA combination scheme will be revoked in order to allow for the voluntary merger of Devon and Somerset FRAs. Comments on the revocation of the Devon Scheme are invited no later than **02 October 2006**.
4. There is no statutory requirement to consult on the creation of a new combined authority where a scheme is submitted to the Secretary of State by the authorities in question on a voluntary basis.
5. **We have set out the implications of the revocation of the Devon FRA Combination Scheme throughout the consultation document. We would welcome any thoughts you have on the possible implications of this revocation. In particular you may have views on:**
 - **Any operational/public safety implications;**
 - **The financial implications;**
 - **The strategic implications; and**
 - **The Governance arrangements proposed.**

Background

6. Modernisation of the Fire and Rescue Service in England, is now well under way and communities are already seeing the benefits of a more efficient and effective service.
7. Nonetheless there are still significant challenges for the Fire and Rescue Service to meet. The 2006–08 National Framework sets out how each FRA should be responding to these challenges over the next two years.
8. Since 2003 each FRA has a duty to establish an Integrated Risk Management Plans (IRMP) which sets out their individual strategy for:
 - reducing the number and severity of fires, road traffic accidents and other emergency incidents occurring in the area for which they are responsible;
 - reducing the severity of injuries in fires, road traffic accidents and other emergency incidents;
 - reducing the commercial, economic and social impact of fires and other emergency incidents;
 - safeguarding the environment and heritage (both built and natural); and
 - providing value for money.
9. The IRMP therefore sets out an authority's assessment of local risk to life and, in line with analysis, how it is going to deploy its resources to tackle these risks, improving the safety of all sections of society. The IRMP will also identify the ways in which the authority can work in partnership with neighbouring authorities and other agencies to deliver improved public safety.
10. The Government has long recognised that there are some challenges both organisational and operational for which FRAs working in isolation do not have the capacity to provide the most efficient, effective and economical response. Our approach has therefore been to encourage better joint working and co-operation between FRAs.
11. The business case for the proposed voluntary merger of Devon and Somerset FRAs submitted to demonstrate the case for merger suggests significant potential benefits to local communities in both improved operational capacity and value for money.

The Devon and Somerset Business Case

Background on the two FRAs

Devon FRA

12. Devon FRA is a combined authority whose sole purpose is to provide a Fire and Rescue Service. It provides fire and rescue services for the administrative County of Devon and the unitary councils of Plymouth and Torbay, an area covering 6,711 square kilometres. It is governed by 25 elected members: from Devon County Council; Plymouth Unitary Authority and from Torbay Unitary Authority.
13. There are 58 fire stations across the County which include 46 retained stations and 11 whole-time stations, 6 of which operate both whole-time and retained duty systems and one volunteer station. Devon FRA employs 1,584 staff including 597 whole-time and Fire Control personnel, 835 retained personnel and 152 non-uniformed personnel.
14. The FRA has a revenue budget of £45m and a capital budget of £5.5m for 2006–07. The revenue budget includes efficiency savings of £375,000. This gives a council tax for Band D property of £61.26.

Somerset FRA

15. Somerset FRS is a part of Somerset County Council. It is a small organisation delivering services to a predominantly rural county covering an area of approximately 3,452 square kilometres.
16. Somerset County Council has 58 elected councillors and operates a cabinet executive that includes a portfolio holder for community safety, which includes responsibility for the fire & rescue service.
17. Somerset FRS has 24 fire stations and employs a total staff of 670 people, which includes 180 whole-time, 370 part-time (retained), 18 Command and Mobilising Centre staff and 73.5 (full-time equivalent) support staff.
18. Somerset is the sixth smallest service in England by population and has a revenue budget for 2006–07 of £18.3m and a capital budget of £1.5m. This gives a notional¹ indicative council tax for Band D property of £58.56.

¹ As SFRAS is part of SCC it does not have a separate defined council tax amount, the notional amount is derived from calculations by SCC finance staff.

19. The following table summarises the key facts relating to Devon & Somerset.

	Geography	Revenue Budget	Council Tax	No. of Fire Stations	Staff (total)	Whole Time Firefighters	Retained Firefighters
Devon	6,711 sq km	£45.5m	£61.26	58	1,584	597	835
Somerset	3,452 sq km	£18.3m	£58.56	24	670	180	370

The Drivers for Change

20. In the business case produced by Devon and Somerset FRAs the Authorities set out the key drivers for change. Both FRAs recognise that the demands of the modern Fire and Rescue Service have grown significantly in recent years and have in consequence stretched the capacity of smaller FRAs. This they argue was demonstrated in the outcomes of the 2005 Comprehensive Performance Assessment undertaken by the Audit Commission where, overall better resourced FRAs were found to perform more strongly. Conversely in many cases smaller FRAs were found to suffer from a variety of capacity constraints, particularly financial, staff and skills, which limits overall performance. Both Devon and Somerset FRAs consider themselves to be suffering from capacity constraints which they believe are restricting their ability to deliver further improvement to services and value for money for the communities they serve.
21. Devon and Somerset currently have plans in place to implement the objectives set out in their individual IRMPs, the requirements of the National Framework 2006–08 and to deliver efficiencies. However, the constraints faced by both Authorities in achieving these are recognised at both local political and principal officer level. Progress to date and the potential for future risks in areas such as funding shortfalls, staff shortages, major incidents, loss of key staff, etc, demonstrates the difficulties both Authorities face. Some of these issues were also highlighted in the Audit Commission's Comprehensive Performance Assessment (CPA) in 2005.
22. Somerset FRS was awarded a rating of 'fair' as a result of this CPA inspection. The main weaknesses identified were in the areas of governance and management where the available capacity was considered to be stretched. Other areas highlighted were financial management, which has historically suffered from skills shortage, capacity across a number of key areas such as performance management and the level of member engagement in the FRAs work.
23. Devon achieved a 'good' CPA rating as a result of its CPA assessment however a number of areas for improvement were also highlighted. These included increasing the pace of change, the development of project management skills as a key component of service delivery and, similarly to Somerset, embedding a culture of performance management.
24. Devon and Somerset FRAs have a strong history of joint working on areas such as:
- engineering and stores facilities;
 - training support;

- polices on safety at height and confined space working;
 - tactical planning;
 - identification of operational risk;
 - incident command systems; and
 - cross border use of specialist appliances.
25. Given the drivers for change both FRAs agreed in 2005 to consider a number of possibilities to address the issues raised through CPA and increase their capacity through closer joint working. As a consequence both authorities set out to consider an options appraisal that identified the strengths and opportunities which exist within each organisation whilst minimising the weaknesses and threats.

The following outlines the process undertaken:

26. In January 2006 both FRAs completed an options appraisal. Three options for the future were considered, these were:
- Status quo (do minimum);
 - Increase collaboration; and
 - Full combination.
27. Each option was assessed on the following three factors:
- Strategic impact;
 - Operational impact; and
 - Financial impact.
28. Devon and Somerset FRAs argue in their Options Appraisal that the 'status quo' option provided no enhanced ability to address the demands of the modernisation agenda. In addition it was judged likely that it would probably result in deteriorating performance ratings in any future Audit Commission assessment. Furthermore, if improved performance were to be sought through this option significant additional, and arguably unaffordable, investment would be necessary in order to provide the necessary capacity required to achieve that.
29. Analysis of the increased collaboration option demonstrated that it would provide some improved performance through increased capacity as well as some enhanced value for money opportunities. However, many potential opportunities for collaboration could not be

realised due to the complexities associated with withdrawing Somerset FRA functions from the corporate centre of Somerset County Council. Overall, it appeared to offer some limited improvements in capacity, performance and value for money. Increased collaboration was also regarded as potentially short term in nature, being highly dependant on the maintenance of close working relationships at both officer and political levels. Members and principal officers have engaged widely in the discussion of options and are in favour of the merger.

Costs and Benefits of Full Combination

30. Given that the initial analysis showed that the option of full combination between Devon and Somerset FRAs appeared to offer the most significant benefits a full cost and benefit appraisal of this option was developed and included in the business case.

Operational Costs and Benefits

31. A key benefit identified in the business case is a significant increase in organisational capacity delivered by the combination of the two Authorities. For example, within support services both Devon and Somerset rely on key individuals within specialist posts. A combined service would offer opportunities to share key skills and remove the risks associated with reliance on a limited resource. In addition, an enlarged Authority would have a greater ability to attract and retain staff with specialist expertise. The larger budget that a combined Authority would command would give increased resilience to offset unforeseen demands. Policy development in all functional areas would benefit from an increase in capacity (Training, Human Resources, Health & Safety, Fleet Management, Strategic Asset Management etc). Any released resource could be:
 - reinvested into other areas of work such as community fire safety and wider rescue, and
 - provide for a more efficient use of public money.
32. As with any major change there are some disadvantages although these are, in the main, related to the change process and are therefore short-term, such as transitional costs in setting up of the infrastructure the new organisation.
33. The Authorities business case therefore concluded that combination offers the greatest opportunities for enhancing service delivery in the future and allows the greatest opportunity for delivering and embedding change.
34. The following table summarises the potential financial cost and benefits of this option using 2007–08 as an example start year.
35. The financial analysis of combination shows that it would produce a net benefit of £3 million over 5 years. This represents a net present value of £2.6m. It would be self-funding from the first year of combination (in this example 2007–08) onwards, but there would be costs before combination (in this example 2006–07) of approximately £400,000 that would require funding

above the current allocation. The Authorities feel that the business case is prudent and that the savings identified during the development of the business case do not fully reflect the true potential arising from combination. The Authorities have modelled the business case with an optimism bias and even in the worst combination of costs and savings, they maintain that the business case remains positive. During the development of the implementation phase, further work would be undertaken to identify additional potential efficiency savings.

	Yr 06/07	Yr 07/08	Yr 08/09	Yr 09/10	Yr 10/11	Yr 11/12	Total
Costs							
Rebranding	329,000	111,000	0	0	0	0	440,000
Staff Costs	0	110,000	0	0	0	0	110,000
IT	50,000	65,000	1,000	1,000	1,000	1,000	119,000
Implementation/ Change	50,000	150,000	150,000	100,000	0	0	450,000
Insurance	0	145,000	145,000	145,000	145,000	145,000	725,000
OS licences	0	50,000	50,000	50,000	50,000	50,000	250,000
Total	429,000	631,000	346,000	296,000	196,000	196,000	2,094,000
Benefits							
Staff	0	(259,000)	(601,000)	(601,000)	(657,000)	(657,000)	(2,775,000)
IT	0	(97,000)	(97,000)	(97,000)	(97,000)	(97,000)	(485,000)
Property	0	0	(34,000)	(34,000)	(34,000)	(34,000)	(136,000)
Rebranding	0	(83,000)	(83,000)	0	0	0	(166,000)
SCC Services – IT	0	(115,000)	(115,000)	(115,000)	(115,000)	(115,000)	(575,000)
SCC Services – Finance	0	(61,000)	(61,000)	(61,000)	(61,000)	(61,000)	(305,000)
SCC Services – Other	0	(142,000)	(142,000)	(142,000)	(142,000)	(142,000)	(710,000)
Total	0	(757,000)	(1,133,000)	(1,050,000)	(1,106,000)	(1,106,000)	(5,152,000)
Net effect	429,000	(126,000)	(787,000)	(754,000)	(910,000)	(910,000)	(3,058,000)

Impact on Council Tax

36. The council tax arrangements for Devon and Somerset differ because Devon FRA is a combined authority while Somerset FRS is a department of Somerset County Council.
37. The process for calculating the notional council tax for Somerset FRS is complex. Finance officers of Somerset County Council and Devon FRA have developed a model to calculate a notional council tax for Somerset FRS. This model also provides a process for determining the council tax level for a new combined FRA. Finance officials from DCLG have considered the model and they are satisfied that it is a suitably robust process for the purpose of the business case. Because of the complexity of this work, more detailed analysis is ongoing. For this reason a variance factor has been applied to the council tax figures for the purpose of the business case.
38. The result of combination would inevitably result in a difference between the council tax of a new combined FRA compared to the two current Authorities. Based on the assumptions detailed above it can be seen that the business case indicates combination will provide efficiencies over and above those which would be achieved if status quo were maintained. These efficiencies will benefit the council tax payer, whilst at the same time enhancing services.

39. In the Devon and Somerset business case an example is given on how the proposed merger could impact on council tax if the merger were to take place in 2007–08. Devon’s council tax for 2006–07 is £61.26 per Band D property. In Somerset, this figure is less certain as detailed analysis of support service costs and debt charges are currently being quantified. However, the authorities (with guidance from DCLG on the grant element) have assessed a maximum and minimum range of notional council taxes against which assumptions can be made.
40. The Somerset notional council tax for 2006–07 ranges from £57.19–£61.08 per Band D property with a probable figure of £58.56. Given that Devon has a higher tax, a combination will require harmonisation. For Somerset this represents a rise in a range of £0.12–£2.77 on a notional base for 2006–07. Devon would have a corresponding fall of £0.06–£1.30. In percentage terms of total typical Band D council tax, this represents a rise in Somerset (to deliver improved services) of 0.01%–0.22%. In Devon, the fall is up to 0.1%.
41. In respect of the financial year in which the merger would begin, those receiving a council tax demand notice from a billing authority in Somerset will see a new and separate precept issued by the shadow Devon and Somerset FRA. As a consequence, the amount of Somerset County Council’s precept in respect of that year will not be directly comparable with the precept issued by the authority in the previous year. In this event DCLG propose to require billing authorities in Somerset to include a footnote explaining this in their council tax demand notices for that financial year. This would be achieved by way of a suitable amendment to the council tax and Non-Domestic Rating (Demand Notices) (England) Regulations 2003.
42. If this merger goes ahead Alternative Notional Amounts (ANA) will need to be issued for capping purposes. Authorities will need to know the notional budget requirements and notional Band D council tax for the previous year that the government may use in comparison for capping purposes.

Conclusion

43. The conclusion of the business case is therefore that full combination of the two authorities will provide long term ability to release capacity whilst reducing costs, the flexibility to review service delivery in line with IRMP and the Fire Service Emergency Cover (FSEC) toolkit and the capability to deliver authorities strategic objectives.
44. In April 2006 the elected members of Somerset County Council and Devon FRA both overwhelmingly endorsed the combination of the two FRAs. In the Devon FRA, from a total of 25 members, 20 were present and 19 supported the proposal. In Somerset, all three single party executive members unanimously agreed with the recommendation and the opposition spokespersons also verbally gave their endorsement to the proposal.

Position Going Forward

45. If the combination were to go ahead the newly combined FRA would be a complete amalgamation of the Devon FRA and Somerset FRS. This would create a front line service in excess of 770 whole-time and 1200 part-time firefighters operating out of 82 stations.

Governance

46. Under the draft Order giving effect to the scheme for the combined area there would be a single FRA. This authority would have 25 members and would include representation from Devon and Somerset's county councils and Torbay and Plymouth unitary authorities. The FRA would have budget responsibility and be funded in the usual way. However, as a combined authority the council tax would have to be applied to both Devon and Somerset at the same rate, as the combined FRA would be providing a single service.
47. The Authorities propose to create a Members Working Group is set up which will become the Shadow FRA pending a decision by DCLG Ministers and Parliament on the combination proposal. The creation of a shadow authority has the backing of current members of both Devon and Somerset FRAs and is consistent with the approach taken in 1997 at the time of the creation of the existing FRS structure in England. Subsequent to agreement it is proposed that the Shadow Fire Authority will become the full Fire Authority for Devon and Somerset Fire & Rescue Service.
48. The shadow authority can set a precept for the financial year in which the merger would begin, the shadow authority will need to be given the necessary powers to do this before that financial year. This would be achieved through the relevant order (see below).

Management

49. The diagram forming Annex A shows the initial proposal for the structure of the new Authority. Further work would need to be undertaken to validate this structure, and how it would be resourced. The first year would see a larger structure to manage the change, subsequent reductions being achieved through natural wastage. Both existing authorities have indicated that there will be no compulsory redundancies as a result of this combination.

Service Delivery

50. The combined FRA would be required to develop an IRMP, which reflects the new organisation and its constituent risks. Development and operation of the FSEC toolkit would have to converge to produce the risk profile for the new service. The IRMP would seek to further reduce community risk and realign service provision to meet the requirements of the combined communities of Somerset and Devon.

Support Services

51. The business case proposes that support services (e.g. finance, HR, asset management, training, etc.) will be combined. For Somerset, this will mean their extraction from Somerset CC and work will need to be undertaken to identify those resources that are FRA specific and those that are shared. The combination will provide an opportunity to rationalise the resources providing these services, and thus create the capacity to be able to provide more resource in areas that both services believe to be under-resourced (i.e. fire investigation, change and delivery managers, performance management and communications).

Training

52. The authorities believe that training is another function where merger would benefit both organisations. Existing Devon personnel have access to one of the most modern and state of the art training facilities in the country at the Severn Park facility. Likewise Somerset personnel would have access to the Plympton training centre which has larger and more complex buildings, including a number of specialist centres e.g. fire behaviour facilities located at Exeter airport and marine fire-fighting based within Plymouth. The joint use of these facilities will allow efficiency savings.

Property issues

53. The presumption in any combination scheme is that the full property portfolio of the constituent authorities would be transferred across to the new authority. This approach includes those properties which the FRAs are presently leasing. However, the situation regarding Somerset's present headquarters, Hestercombe House, is somewhat unique and would be considered separately to other premises within the portfolios.
54. Hestercombe Gardens (the Gardens are separate to the House) were leased two years ago for a 99 year term to Hestercombe Gardens Trust. Historically and architecturally, the gardens are inextricably linked to the house. For this reason, Somerset County Council has determined that the gardens and house should remain in the single ownership of Somerset County Council. There would therefore need to be some compensatory transfer to any new combined FRA.

Procurement Strategy

55. The Procurement Strategy for the proposed merged fire services of Devon and Somerset would follow the framework established through the National Procurement Strategy for the Fire and Rescue Service 2005–2008 and the Regional Strategy which has been noted as an exemplar of good practice.
56. The National Strategy identifies that a number of key goods or services will be procured at a national level (Firebuy) but also that significant activity will still be required at regional or local level. South West FRAs have established an active regional procurement committee which reports to the Regional Management Board, and employs a professionally qualified

Regional Procurement Manager. Somerset FRS currently provides the South West lead on regional procurement and manages the Regional Procurement Manager. The newly combined FRA would continue to provide this lead role for the South West.

Transition

57. The highest priority during the transition phase to a Combined FRA will be the maintenance of emergency response arrangements. The Authorities would monitor operational performance to ensure that emergency response activities are maintained at the current levels and improved over the short term.
58. Given that the major changes from the two existing Authorities to a single FRA would be in terms of support services and governance, risks associated with operational assurance have been identified in the business case as minimal. It is anticipated by Devon and Somerset FRAs that the convergence work would actually deliver improvements in emergency response both during the period towards combination and immediately following combination. This would be delivered through increased resilience, implementation of shared best practice from the two existing Services, greater capacity and shared experience.
59. The Regional Control Centre Project is expected to create a south-west regional control room. In the interim, in the interests of value for money, the Authorities would propose to maintain two control rooms, one for Somerset and one for Devon. Convergence work, and the interim arrangements which would see two control rooms continue to operate, would enable provision of a stable emergency response service over the transition period.

The wider effects of the proposed merger

60. As well as considering the local effect of these proposals, DCLG will also consider the wider implications for other FRAs and interested parties. These are discussed in greater detail in this section.

Strategic Impact

61. The Government has been supportive of proposed voluntary mergers between FRAs as long as a business case is provided which:
- clearly identifies the drivers and benefits for the potential voluntary combination;
 - is financially viable and includes the impact of changes made to financial structures;
 - would maintain operational assurance and benefit public safety;
 - indicates the timescales for improved efficiency and the impact of any transitional arrangements; and
 - outlines the organisational structure.
62. DCLG have provided £20,000 of funding to support the development of the business case for this merger on the understanding that a product of this process will be the development of guidance which can be used as a template by other FRAs looking to explore voluntary merger. A 'lessons learnt' document will be made available on the DCLG website.

Financial Impact

Local Government Settlement

2007–08

63. In 2006–07 the Government introduced three year settlements for all local authorities, including FRAs. The first settlement will be for two years covering 2006–07 and 2007–08, with the first full three year settlement taking place in 2008–09.
64. The Government agreed that in order to ensure stability no further changes will be made for 2007–08 to either the amount of grant available for FRAs (or any other authority) or to the fire formula which determines the distribution of the Relative Needs Amount between FRAs for 2007–08. As a consequence the Government has published the indicative formula grant increases for all Authorities for 2007–08. For this reason, there will be no changes to amalgamate indicators in 2007–08 to reflect a merger of Devon and Somerset FRAs and no

recalculation of the distribution system to reflect the change in responsibilities. Therefore it is considered that no other authorities will be affected by this merger.

65. If the Devon and Somerset FRA was to become a fully combined authority on the 1 April 2007 the following process would need to be followed in terms of the local government settlement:
- Somerset County Council will need to agree separately an amount of grant that will be allocated to the newly combined Devon and Somerset FRA to cover the costs of Somerset FRA;
 - The allocation of grant for Devon FRA will remain as reported in the Local Government Settlement Report issued in January 2006; and
 - These two amounts will then be combined to give a total for the newly combined Devon and Somerset FRA.
66. In this case the amount of formula grant for Devon and Somerset FRA would therefore need to be shown in the Local Government Finance Report (England) 2007–08 and approved by Parliament. To ensure that this was included in this report, this agreed amount would need to be with DCLG in time for the publication of the draft settlement.
67. The figure in the 2007–08 Local Government Finance Report (England) would form the basis of the 2008–09 floor damping calculations, albeit adjusted for any other transfers of funding or function.

2008/09

68. If a shadow authority was established on the 1 April 2007, with the new body coming into full being from 1 April 2008, DCLG would make payments to the new body from the 1 April 2008. The first full three-year settlement will be made in late 2007 including the calculations of the 2008–09 to 2010–11 settlements.
69. If the merger took place in 2008–09 or after the indicators used in the distribution system to calculate formula grant for the 2008–09 to 2010–11 settlements would reflect a merger of Devon and Somerset FRAs if approved. They will also be updated with the latest data available to DCLG. Changes to the distribution system would also be made accordingly. The effect of the Devon and Somerset merger is expected to be negligible.

Efficiency Savings

70. The Fire and Rescue Service as a whole have been set a target to achieve £105m gross cashable savings. Both Somerset FRA and Devon FRA are expected to and have been contributing to this target.
71. Local Government as a whole has been set a target of achieving £6.45 billion in efficiency gains. FRAs have a part to play in helping local government to meet that target.

72. After any merger of Devon and Somerset FRAs the combined Authority would be expected to report their savings as one organisation and their capacity to deliver efficiency gains would be measured as such.

Operational Impact – Public Safety

73. Any proposal for change must be considered against the primary function of a Fire and Rescue Service, that of service delivery. The business case, using the HMFSI operational assurance method across both organisations and a sampling of a broad range of operational personnel, has concluded that the voluntary merger of Devon and Somerset FRAs will have a positive impact on the emergency response arrangements.
74. A driver of the review is to improve standards of service delivery. The current distribution and utilisation of resources for service delivery has remained relatively unchanged in the last thirty years. The location of fire stations is still structured around borough boundaries and what were locally independent fire and rescue services. The way firefighters are rostered and rewarded (especially firefighters on the retained duty system) does not necessarily reflect the demands of a modern service. The modernisation agenda, the focus on IRMP and FSEC have all contributed to a review of how the service should be provided. Examples of areas that are proposed for consideration as part of the merger work include;
- Capacity to deliver successful community education and youth inclusion projects to young people who can influence the continued decline in fire deaths, accidental fires and the incidence of arson;
 - Capacity to deliver successful community safety initiatives which seek to protect the most vulnerable members of our society through the completion of home fire safety visits which have proven successful in driving down the risks of fire;
 - Capacity to build upon the successful co-responder programmes which provide a timely first strike medical response to communities where ambulance cover is limited;
 - Broadening good practice and experience to deliver fire fighting techniques to increase the survivability for people trapped by fire, improving firefighter safety and reducing property damage from the effects of fire and smoke.

Legal

The Order

75. If the merger of Devon and Somerset FRAs is to proceed, the Devon Fire Services (Combination Scheme) Order 1997 would need to be revoked by a further Order.
76. If the case for the merger of Devon and Somerset FRAs were approved a combination scheme for Devon and Somerset FRAs would be made providing for a single FRA for the area covering the councils of Torbay, the City of Plymouth, Devon County Council and Somerset County Council with appropriate political representation.
77. A combination Scheme, making provision for the combined Devon and Somerset FRAs, would be set out within the Order dealing with matters such as the composition, proceedings, financing of the combined authority as well as the transfer of staff, property rights and liabilities.

Constitutional Arrangements

78. The business case proposes that the new combined authority should consist of 25 elected members from the 4 constituent Authorities thus:

Authority	Electoral Roll ²	No. of Places ³
Devon County Council	564,198	11
Somerset County Council	395,836	8
Plymouth City Council	183,383	4
Torbay Council	103,114	2
TOTAL	1,246,531	25

79. This make up based on electoral roll mirrors the arrangement put in place when Combined FRAs were created in 1997.
80. Due to the pro-rata number of places available to the smallest Council, Devon and Somerset do not deem it viable to reduce the number below 25.

Contractual Arrangements

81. Contractual arrangements for example, in respect of the procurement of goods and services will come into effect when the combination scheme fully takes effect.

² Source: Electoral Registers 1 December 2004: Local Government Electors (Office of National Statistics).

³ Numbers have been rounded to nearest whole number.

82. Staff currently employed by Somerset County Council and Devon FRA wholly or mainly for the purposes of the FRAs would be transferred to the combined Authority. The business case states that terms and conditions of staff including pension arrangements would be protected when if they are transferred to after combined Authority.

Financial Provisions

83. The new combined FRA would be a precepting authority in accordance with the provisions of the Local Government (Finance) Act 1992 (as amended).

Property Rights and Liabilities

84. Property rights and liabilities held solely or mainly by Somerset County Council and Devon FRA for the provision of fire and rescue services would be transferred to the new Authority, with the exception of Hestercombe House, for which the new Authority will receive a compensation.

Next Steps

85. The process for taking forward the combination proposal is set out in the Fire and Rescue Services Act 2004 and is outlined below along with a proposed timetable:

Action	Date
The draft scheme and supporting case is submitted for approval by ministers	June 2006
Consultation with relevant public bodies on the revocation of current Devon FRA Combination scheme;	July 2006 – October 2006
A decision is taken by the Secretary of State on whether further consideration is required or to proceed or not to proceed with the revocation of Devon FRA's existing scheme and creation of a new combined authority subject to parliamentary approval	October 2006

Responses

86. Consultees are invited to comment on the proposal to revoke the existing combination scheme for Devon FRA, but no later than 02 October 2006. We will consider all comments received by this date.
87. Responses, including the name and addresses of respondents, may be made public unless confidentiality is specifically requested. All responses may, nonetheless, be included in statistical summaries of comments received and views expressed. Any automatic confidentiality disclaimer generated by your organisation's IT system will not be respected, unless you specifically include a request for confidentiality in the main text of your response.
88. All responses should be sent to frd-finance@communities.gsi.gov.uk or you can write to:

Charlotte Albone
4C Allington Towers,
19 Allington Street,
London, SW1E 5WY

Annex A

