

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

19 SEPTEMBER 2016

1. 100% BUSINESS RATES RETENTION

Report of the Chief Fire Officer.

RECOMMENDED

THAT Members note the proposed response to question 13 of the Government's 100% business rates retention consultation exercise.

2. PURPOSE OF REPORT

This report is submitted to bring to Members' attention the first consultation exercise in relation to the proposed introduction of a 100% business rate retention funding model for local government.

3. BACKGROUND

3.1 The Chancellor of the Exchequer announced in the Autumn Statement on 25 November 2015 the intention to replace all core funding to local authorities with one hundred per cent rates retention by 2020.

3.2 This proposed change in local government funding arrangements was highlighted in the budget report submitted for Member approval at the Authority Meeting on 15 February 2016.

3.3 On 5 July 2016 the Department for Communities and Local Government issued the first consultation exercise in relation to the significant proposed changes to local government funding arrangements. The consultant includes 36 questions and the link to that consultation exercise is shown below.

<https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention>

- 3.4 There is only one Fire Service specific question within the consultation exercise (question 13) and the proposed response to this is shown on appendix A. The other questions do not have a direct impact on the Fire Service, although it is intended to reflect the views of the West Midlands District Councils as and where appropriate in the final submission.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out because the matters contained in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

- 5.1 The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.
- 5.2 Primary legislation will be required for the 100% retention of business rates.

6. **FINANCIAL IMPLICATIONS**

- 6.1 There are no direct financial implications arising from this report although the proposed introduction of a 100% business rates funding model represents a radical overhaul of the local government finance system.

BACKGROUND PAPERS

Authority report, Budget and Precept 2016-2017, 15 February 2016.

PHIL LOACH
CHIEF FIRE OFFICER

APPENDIX A

Question 13: Do you consider that fire funding should be removed from the business rates retention scheme and what might be the advantages and disadvantages of this approach?

At this stage in considering arrangements within a 100% business rates retention model, detailed information on the likely implications is limited but in principle it is felt the rate retention option provides the best and most appropriate option. The benefit of remaining within the business rates system may vary between individual Fire Services but in particular where Combined Authorities and devolution deals are closely linked to economic strength and Fire Services are part of those overall arrangements, it would be important to maintain the business rate link for funding of the Fire Service. In addition, as experienced by this Authority, where significant reliance is placed on Government funding, any periods of Government funding reductions can have a disproportional impact on the overall funding of the Service.

The fact that Fire Services have only been funded by two per cent via the business rates system since its inception indicates that there is not such a strong direct link with economic growth/economic stability as there is for billing authorities. However, the inclusion of the Fire Service in the scheme in the first instance did indicate a link, which would at least in part have been through a recognition that a proportion of Fire Service time and resources is devoted to protecting the business community and the fact that the Fire Service plays a key role in the maintenance of the conditions for economic development. Clearly the Fire Service has a strong role to play in keeping businesses safe and avoiding businesses going out of business as a consequence of fire. Whilst this is a statutory role, a more partnership based approach for the Fire Services with local businesses, highlighting the need to keep their premises safe, and as a consequence not suffer from fire incidents, is a major contributor to the stability of the local economy. In extreme cases enforcement action may be required but by providing guidance and advice the Fire Service can keep businesses open and compliant which contributes to a strong local economy and employment levels. It is well recognised that a large proportion of businesses that suffer from significant fire damage has an immediate impact on the employment within the local economy and that the Fire Service has a key role to play in avoiding this catastrophic set of events. There is wide recognition that approximately 80% of small and medium sized businesses do not recover if they suffer from a significant fire related incident.

In addition to the above, the Fire Service plays an important role of avoiding costs to business by responding effectively to road traffic collisions. As well as the devastating impact of personal injury etc., the knock on effect of RTC's can create significant traffic delays. It is recognised that traffic delays have a detrimental impact on businesses and therefore the economy, with figures indicating that the cost to the economy of traffic delays, specifically motorway closures, is circa £2,000 per minute.

By being able to respond quickly and effectively to RTCs means that the Fire Service can directly influence the speed by which the road network can be operating under 'normal' circumstances and minimise any delays as a consequence of such incidents, thereby supporting business. Furthermore, West Midlands Fire Service responds to telecare calls in some of the areas in the West Midlands and also provides the supporting infrastructure to enable some of the most vulnerable members of the community to remain in their homes in live independent lives. This reduces the amount of time that would otherwise impact on the ambulance service and the NHS and helps reduce the number of hospital admissions that would otherwise occur. It is estimated to save on average approximately £1,500 on each such occasion.

In terms of funding the Fire Service for national resilience related activities, it is felt that this should continue to be supported by central Government grant.