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20 October 2010

Dear Colleague

Spending Review

I am writing to update you following today's Spending Review announcement. The Spending Review set out by the Chancellor provides a fair though challenging settlement for Fire and Rescue Authorities.

The unprecedented public sector deficit means that all layers of government have difficult decisions to make and we know fire professionals understand the role they have to play in helping to reduce the deficit and building a stronger and safer society.

As a frontline service, the Fire and Rescue Service has been given some protection, although there will be tough choices for Fire and Rescue Authorities to make. Over the four year period the reduction to formula grant, which makes up roughly 50% of the overall spend, will be 25%. Importantly this will be back-loaded so that Fire and Rescue Authorities have the time to make the changes necessary to meet the reductions without impacting on the quality or breadth of services offered to their communities.

In the first year the formula grant reduction that will face Fire and Rescue Authorities collectively will be in single figures (in percentage terms), with the larger proportion of the cuts falling to years three and four. Fire and Rescue Authorities are going to have to swiftly transform their organisations and delivery of services. December's Local Government Settlement consultation will detail provisional figures for individual Fire and Rescue Authorities,

We have played our part; we have made radical reductions in the bureaucratic reporting and inspection requirements which hold Authorities back. We are already abolishing the Audit Commission, have ended CAA, scrapped 4,700 Whitehall targets, and ended the National Indicator Set. And in keeping with our commitment to decentralisation we will de-ring fence as much funding going to local authorities as possible. With this in mind, we intend to move current specific fire grants into a specific grant from 2011/12 and will be discussing with Fire and Rescue Services how we can move towards payment through Formula Grant as soon as practicable.

This is a fair settlement in challenging circumstances which demonstrates our commitment to protecting the most vulnerable and the quality of frontline services. While we know that it

will be challenging we believe that it should be achievable largely through well planned efficiency savings.

Of course, it is for individual Fire and Rescue Authorities – not Central Government – to make local decisions on how to make savings. And Fire and Rescue Authorities already have a strong record of delivering efficiencies and a range of tools through which they could achieve much of the saving required. But areas where we believe significant savings can be found by fire and rescue services include, for example:

- Flexible Staffing Arrangements
- Improved sickness management
- Pay restraint and Recruitment freezes
- Shared services/back office functions
- Improved Procurement
- Sharing Chief Fire Officers and other senior staff
- Voluntary amalgamations

The Service is best placed to shape its future and serve the needs of its local communities. We have already taken steps to give you more flexibility to do this - allowing you to work on a collaborative basis in a way that works best locally; not enforcing national diversity targets for your workforce; not telling you how to recruit and develop your staff.

Going forward, we are also asking the fire and rescue sector, through the Fire Futures review, to take the lead in shaping the future strategic direction of the Service to meet the challenges ahead, including those which emerge from the Spending Review. Whilst the Spending Review settlement is difficult for all, I give you my commitment that I will continue to work with you to remove barriers and to increase the flexibility and freedom you have to do the job for which you are accountable to your local communities.

The Secretary of State has written to all local councils on the wider implications of the settlement on the local government sector. This is available on the Communities and Local Government website:

www.communities.gov.uk/publications/localgovernment/srlettersoscouncilleaders.

I am copying this letter to your Chief Fire Officer.



BOB NEILL MP
Minister for the Fire and Rescue Service

