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Llywodraeth Cymru
Welsh Government

Welsh Government

White Paper

Reform of Fire and Rescue Authorities in Wales

Consultation on reform of the Fire and Rescue Authorities in Wales'
governance and funding arrangements

Date of issue: 13 November 2018

Action required: Responses by 05 February 2019

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

Overview

The purpose of this consultation is to seek your views on proposals to reform how Fire and Rescue Authorities are governed and funded.

How to respond

To respond to this consultation, please complete the online form, which you can access here:

<https://beta.gov.wales/reform-fire-and-rescue-authorities-wales>

Alternatively, you may use the separate response form provided, which you can email to:

fire@gov.wales

or send it in hard copy to the address below.

The closing date for responses is **5 February 2019**.

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

Consultation web address:

<https://beta.gov.wales/reform-fire-and-rescue-authorities-wales>

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The Welsh Government will be data controller for any personal data you provide as part of your response to the consultation. Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation.

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Welsh Government
Cathays Park
CARDIFF
CF10 3NQ

e-mail:

Data.ProtectionOfficer@gov.wales

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Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Tel: 01625 545 745 or
0303 123 1113

Website: <https://ico.org.uk/>

Foreword by the Cabinet Secretary for Local Government and Public Services



We are rightly proud of our fire and rescue services. They respond swiftly, effectively and selflessly to deal with serious threats to our safety. More than that, their prevention and safety work has helped reduce the number of fires by more than half since responsibility was devolved to Wales in 2005.

That is a huge success, but it is also a challenge. As the number of fires falls, the role of the Service is becoming broader. Firefighters have the skills, capabilities and values to deal with a wide range of other incidents, such as floods, medical emergencies and terrorist attacks. But to make the most of that potential, the Service needs to be governed and funded in a modern, accountable and sustainable way. At present it is not.

There are other challenges too. People are living longer, but older people are at greater risk of fires in their homes. The lessons of the Grenfell Tower tragedy still have to be fully learned and applied. Climate change will increase the risks of flooding and wildfires. And public finances are extremely constrained – a situation that is only likely to worsen in the aftermath of Brexit. Again, this calls for the highest standards of leadership and transparency, ensuring that the Service has the resources it needs, but also placing that in a wider context.

None of this is the Service's fault. The arrangements we now have date from the mid-1990s. While they may then have been adequate for running a municipal fire brigade, the Service and the demands placed on it have changed significantly since.

This document sets out the Welsh Government's proposals for addressing this situation. It includes the broad case for reform, as well as our preferred options for pursuing it.

Reform has to happen if the Service is to have a sustainable future, and the status quo is not an option. Nor are several other hypothetical possibilities which Chapter 2 of this document describes. However, I am more concerned at this stage with the outcomes of reform than with the means. I would, therefore, be happy to consider any other options for reform which would clearly meet the criteria that this document describes.

Change is too often a response to failure, and creates even more burdens on organisations in difficulty. That is not so here. I want to build on the successes we have seen, and to sustain the services on which we all rely. I look forward to hearing your views.

Alun Davies AM
Cabinet Secretary for Local Government and Public Services

CHAPTER 1

The case for change

- 1.1 This chapter sets out the current arrangements for managing and providing fire and rescue services in Wales, and why the Welsh Government believes they should change.
- 1.2 This does not reflect any need to improve the headline performance of core and traditional fire and rescue services. That performance has long been strong. Fires and casualties from fires are in sustained and significant decline in Wales, as elsewhere.
- 1.3 Those trends at least partly reflect the work of the fire service in improving fire safety and in responding swiftly and effectively to fires when they break out. We do not seek to challenge that; indeed, we believe all involved with the service should be very proud of what they have achieved. **Any reform must preserve this record and allow the Fire Service to sustain and enhance it to the fullest extent possible.**
- 1.4 The case for change relies rather on the need to improve the capability of the service to sustain and build on that success. It needs to be able to understand and respond to emerging long-term challenges, and to do so in ways which reflect the wider context of public service delivery. We believe the current arrangements are defective in this regard. The reasons for that are all grounded in the statutory governance and funding framework, which dates back to the mid-1990s. **The case for change does not imply any shortcoming at all on the part of Fire and Rescue Authority (FRA) members, managers or staff.** They have had to work with the system as it is, and we believe they have done so as well as they possibly could.

The current arrangements

- 1.5 Since 1996, fire and rescue services in Wales have been provided by three FRAs. Each FRA is, in law, a *combined authority*, meaning that it is formed as a combination of the local authorities in its area – although the FRA is a separate entity in its own right. Those constituent local authorities are in turn responsible for the membership and funding of the FRA, as follows.
- 1.6 Firstly, each local authority nominates a set number of councillors to be members of the FRA. That number broadly reflects the population of the local authority as a proportion of the population of the FRA's area. The choice of members is one for each local authority; but FRA members are generally drawn from councillors who do not have other responsibilities such as being members of a council executive or chairs of scrutiny or audit committees.
- 1.7 Secondly, local authorities provide FRAs with nearly all of their funding. This is in the form of contributions which each FRA calculates and levies on each of its constituent councils. The amount of each contribution is a matter for the FRA to determine. Again, FRAs in practice aim to levy contributions broadly based on each FRA's share of the local population, to limit increases in funding to the minimum the FRA believes to be necessary, and to accommodate any reservations or comments made by local authorities – but there is nothing requiring them to do so.

Local authority	FRA members	Funding Contribution 2016-17 (£000)
Conwy	5	5,277
Denbighshire	4	4,364
Flintshire	6	7,023
Gwynedd	5	5,598
Isle of Anglesey	3	3,191
Wrexham	5	6,433
North Wales FRA total	28	31,886
Carmarthenshire	5	9,172
Ceredigion	2	3,696
Neath Port Talbot	4	6,851
Pembrokeshire	3	6,036
Powys	4	6,537
Swansea	7	11,913
Mid and West Wales FRA total	25	44,205
Blaenau Gwent	1	3,171
Bridgend	2	6,541
Caerphilly	3	8,279
Cardiff	5	16,776
Merthyr Tydfil	1	2,748
Monmouthshire	2	4,209
Newport	2	6,892
Rhondda Cynon Taf	4	10,789
Torfaen	2	4,208
Vale of Glamorgan	2	5,898
South Wales FRA total	24	69,511
Wales total	77	145,602

Accountability and scrutiny

- 1.8 The Welsh Government believes these arrangements mean FRAs are not as accountable as they ought to be. In any democracy, public bodies must be clearly answerable to those they serve. That ensures they meet public needs and expectations – and are exposed to scrutiny and challenge if they do not. Public bodies should therefore either be directly elected (as local authorities and the National Assembly are); or should be formally and clearly accountable to such bodies.
- 1.9 Neither of these is true of FRAs. While their members are elected councillors, those councillors are not accountable to their ‘home’ council for their actions as FRA members. Indeed, when acting as members of the FRA they are duty bound to put aside loyalty to their local authority, and to act in the interests of the FRA instead. Nor do FRA members represent the electorate to any significant extent. Only around 6% of councillors in Wales are FRA members, meaning only a very small proportion of the electorate are represented by them. Even if those few people were aware that their councillor had been an FRA member, it seems unlikely that that would have much bearing on voting decisions alongside other influences such as local authority services or party allegiance. And there is no guarantee that such a councillor would, if re-elected, be reappointed to the FRA anyway. So FRA decisions are not grounded in

any kind of democratic mandate, nor are FRA members answerable to the electorate as a whole for those decisions.

- 1.10 In local authorities, democratic accountability is enhanced by dividing responsibilities between a cabinet, which takes most major decisions, and scrutiny committees, which hold the cabinet to account. That distinction does not formally exist in an FRA, nor could it. It depends on members being elected on a political mandate: cabinets are normally composed of the ruling party group or coalition, with scrutiny committees constituted to give other parties fair representation. But FRA members have no such mandate in that capacity.
- 1.11 At the same time, FRAs are not fully accountable to national institutions either. Many other public organisations in Wales, for instance in the NHS, are themselves accountable to the Welsh Government, and through it to the National Assembly for Wales. That relationship usually involves the Welsh Government determining the budget and policy direction for such bodies, and being answerable for those decisions to the Assembly. Yet the Welsh Government has no such relationship with FRAs. While it sets a broad strategic direction in the form of the National Framework for Fire and Rescue Services, that is only guidance to which FRAs should “have regard”; strategic and operational decisions are solely for FRAs to make. And as explained below, the Welsh Government has no influence over FRA budgets at all.
- 1.12 It is true that other forms of accountability exist in the sector. For instance, FRA officers and managers are answerable to FRA members. But that is only an internal arrangement; it lacks both transparency and independence, and does not amount to the public and democratic accountability described above. FRAs are also liable to audit and inspection by the Wales Audit Office (WAO), as are all devolved public bodies in Wales. That is external, independent and transparent; but it is limited by the WAO’s statutory remit and audit methodology. For instance, auditors never challenge the substance of any organisation’s policy or spending decisions, or argue for alternatives. They can only consider the way in which those decisions were implemented and reflected in the organisation’s accounts.
- 1.13 Some might say that a lack of accountability is wrong in principle. We agree; but that alone would make a weak case for change. There are, though, more practical consequences of these problems, as follows.

Innovation and change

- 1.14 Public accountability aims to expose an organisation and its decisions and services to a wider range of views and influences. In doing that, it should verify that the organisation is meeting public expectations and needs; and/or challenge that and suggest different priorities and approaches. In short, it should help public bodies to identify changing needs and innovative ways of meeting them. That much is central to the provision of any public service, where decisions about what to provide and for whom are a matter of public policy rather than market mechanisms.
- 1.15 All of our FRAs have changed and innovated in recent years. For instance, South Wales FRA has completed a thorough review of front-line fire cover; North and Mid and West Wales FRAs have overhauled their crewing arrangements; and all three have

made progress in diversifying the service to address a wider range of non-fire risks and incidents. All of this and much else is positive and praiseworthy.

- 1.16 However, the absence of fully effective accountability mechanisms means that these and other developments have not been properly debated, scrutinised or subjected to challenge. It is perfectly possible that different or further action might have been more appropriate; or that there are other opportunities being missed or other needs being unmet. We simply do not and cannot know.
- 1.17 That is particularly important given the acknowledged need for the Fire Service to change, and to diversify its role. The success the Service has had in reducing the incidence of fire has created considerable potential to address other sorts of hazards too. Without that, the Service risks becoming a victim of its own success. But realising that potential and leading the Service in this time of change demands an acute sensitivity to wider needs and opportunities. That is less likely to happen while FRAs are managed as though they were stand-alone municipal services. Open debate about the future role of the Fire Service has never been more important – but it is not supported by the current governance arrangements.
- 1.18 We believe that reform should therefore **create clear and effective leadership of, and accountability for, the development and delivery of fire and rescue services**. In particular, this should support full and open debate about the potential for diversifying the service.

Resourcing

- 1.19 As noted, the great bulk of FRAs' funding comes from local authority contributions, levied at rates over which each FRA has sole control. Neither local authorities nor the Welsh Government have any right to consent to those rates. By contrast, local authorities derive the bulk of their funding from the Welsh Government, which in turn needs the approval of the Assembly to set a budget; most of the balance of each local authority's funding is raised from council tax, for which the authority and its members are of course directly answerable to the electorate.
- 1.20 This absence of any form of external control over FRA budgets is unique in the Welsh public sector and, as far as we know, elsewhere in the UK. In recent years, FRAs have largely exercised their funding powers responsibly, so the overall cost of providing fire services has fallen (although that needs to be put alongside the fall in the incidence and risk of fire too). However, progress has not always been as quick as it might have been. For instance, two of our FRAs have been slow to reduce their attendance at false alarms, which consumes significant amounts of resources each year for no benefit. And all three FRAs have long been relatively high spenders: expenditure per head for each of them is in the top quartile across the UK, and has been for some time.
- 1.21 As with issues relating to innovation, the current arrangements mean a potentially powerful driver for ensuring value for money is missing. That does not necessarily mean that FRAs are wasteful; it means we do not know. Nor are there adequate ways of verifying or challenging FRA budgetary decisions. Regardless of how prudent or frugal FRAs choose to be, that cannot continue in a time of sustained severe pressure on public finances – which will probably be further exacerbated by Brexit.

- 1.22 Likewise, the diversification of the Fire Service's role is not properly reflected in its funding arrangements. Most obviously, in 2016/17 almost 20% of all genuine calls to which the Service responded (excluding false alarms) consisted of non-fire medical emergencies. Prevention and safety work also increasingly addresses non-fire risks to health, such as falls, smoking and poor diet.
- 1.23 Many of these services aim to relieve pressure on the NHS, either by preventing accidents and conditions which would otherwise need hospital treatment, or by responding to medical emergencies on behalf of the Ambulance Service. And research suggests that they can be markedly successful in this, with one recent study showing savings to the NHS of over £4 for each £1 invested in Fire Service provision. Yet the current funding model means that these health-related services are being financed by local authority budgets. That is wrong in principle: it means that FRAs neither have sustainable funding for such work, nor are they accountable for what they spend. **So reform must encompass the changing role of the service and provide clear, fair and sustainable funding mechanisms for it.**
- 1.24 Emergency services differ from most other public services. They must always be available to anyone who needs them, and those providing them can neither anticipate demand nor manage it by using waiting lists or similar. That has significant effects on resourcing and budget-setting, which must cater for the peak demand at any given time. **Any reform needs to recognise that, and to ensure that the excellent standards of service we enjoy are maintained and enhanced.** But that cannot be an argument against proper control over public money. In fact, it strengthens the case for a funding model which fully reflects the pressures on fire services and the wider public sector. We believe that reform should **create genuine external accountability for FRA budget and spending decisions, while recognising the particular features of resourcing emergency services.**

Membership

- 1.25 At present, FRA members tend to be 'backbench' councillors, nominated into that position by their local authorities. Such councillors naturally play an invaluable role within their authorities, in representing local concerns and discharging their electoral mandates. They also help ensure that the balance which all local authorities have to strike between the services for which they are responsible fairly reflects the needs and views of citizens and communities.
- 1.26 We are not convinced that the role of an FRA member calls for these attributes, or that it is best discharged by backbench councillors. FRAs are responsible for only one service, albeit one that is changing and diversifying. Leading and managing that service is often a technical and complex business. Only rarely – when matters such as station closures are being considered – are purely local political or community concerns at stake. Rather, effective leadership of the Service is more a matter of maintaining professional standards and responding to changes in risk and technology.
- 1.27 There should be no doubt at all about the personal dedication and commitment of FRA members. But we do not believe they necessarily have all the capability that they need to provide strategic leadership to the Service or to challenge senior officers, in particular during the time of change that the Service is facing. That also demands expertise in

service management, in organisational change and in developing collaborative relationships with other service-providers. It would also help if the governance arrangements for FRAs were more aligned and integrated with those for other services with which they need to collaborate.

1.28 Therefore, we believe that **reform should increase the expertise and capability of FRAs to provide strategic leadership, to sustain effective collaboration and to hold senior officers to account.** That, though, should not come at the expense of local knowledge and accountability.

1.29 While fire and rescue services are essential, they are relatively small. Overall, they account for only around 1% of all devolved spending; and their governance arrangements do not need to be extensive or elaborate. For instance, there may be scope to reduce the size of their membership. As the table below shows, FRAs have relatively high memberships when compared to other bodies, despite the relatively modest extent of their responsibilities.

Organisation type	Revenue budget	Number of members
Local authorities (x22)	£149 million to £813 million	30 to 76
Health boards (x7)	£285 million to £1.43 billion	20 to 25
Welsh Ambulance Service Trust	£174 million	13
Natural Resources Wales	£182 million	11
FRAs (x3)	£34 million to £74 million	24 to 28

1.30 As we have argued, FRA members do not represent the electorate, nor do they have a mandate to discharge. So we do not believe representation on this scale can be justified: it increases the cost and complexity of governance to no obvious benefit. **It would be better for FRA members to be fewer in number, but to have a more clearly defined remit and the capability to carry it out.**

Performance management

1.31 The problems we have set out above relate to the statutory governance and funding arrangements for FRAs. Those are, if anything, compounded by the current ways in which FRAs are required to manage and report their performance. Those are set out in the Local Government (Wales) Measure 2009, which treats FRAs – and for that matter National Park authorities – in the same way as local authorities.

1.32 In outline, the Measure requires FRAs to ‘make arrangements to secure continuous improvement’ in the exercise of their functions. Those arrangements must include:

- Formulating and consulting on annual ‘improvement objectives’, i.e. priorities for improvement in the coming year;
- Collecting quantitative performance data and other types of information which show how far those objectives are being met;
- Reporting publicly after the end of the year about progress in attaining improvement objectives; and

- An annual inspection by the Wales Audit Office of the extent to which the FRA has complied with the Measure.

- 1.33 However, these arrangements were designed primarily for local authorities. They face very different challenges from FRAs. Every local authority is responsible for numerous services, each of which meets different needs for different people or areas. Its members also have electoral mandates to discharge. That means each authority has to balance competing demands and expectations, and set priorities accordingly – hence the sort of arrangements which the 2009 Measure set out.
- 1.34 FRAs, by contrast, provide only a small range of services and have no direct mandate from the electorate. As noted above, they cannot manage demand for their core emergency response services – they need to provide those when needed, anywhere at any time. So the notion of balancing demands and setting priorities does not arise to anywhere near the same extent as with a local authority. This makes the requirements of the Measure burdensome and over-complex in an FRA context. Nor are some of the techniques which the Measure stipulates particularly useful. For instance, it is not possible to use performance indicators to assess the effectiveness of fire safety or prevention programmes, as that would mean trying to measure events which did not occur.
- 1.35 The Welsh Government has already announced that the Measure will be repealed. We believe **a new performance management system should better reflect the particular operating contexts and challenges which FRAs face**. In doing so it should maximise accountability while minimising burdens, and should reflect related planning and reporting requirements on FRAs, such as under the National Framework for Fire and Rescue Services, and the Well-being of Future Generations (Wales) Act 2015.

Sustaining front-line services

- 1.36 These issues are all concerned with the corporate governance of FRAs, not with front-line operations. Of course, strengthening governance will help sustain and improve front-line services. The case for change we have outlined in this chapter will bring clearer and more accountable leadership, more open debate around priorities for the Service and a fuller understanding of the needs it has to meet.
- 1.37 However, front-line responsive and preventative services obviously have to be maintained during any period of change. Undue disruption and distraction must be avoided at all costs. **So the process of reform must be as limited in scope as possible**, while still achieving the objectives we seek.
- 1.38 Organisational change often makes staff uneasy, especially if they fear that it may lead to job losses or other effects on their work. That is not so here. The focus of reform is entirely on how FRAs are structured, funded and accountable at the corporate level. **Changes to front-line operations, including the numbers of firefighters, appliances or fire stations, or other operational matters such as crewing, rostering or ridership arrangements, have no place in this programme of reform.**

Summary of the objectives for reform

Reform of the current governance, finance and performance management arrangements for FRAs should:

- **Preserve the current high standards of service and allow the Fire Service to sustain and enhance it to the fullest extent possible.**
- **Create clear and effective leadership of, and accountability for, the development and delivery of fire and rescue services.**
- **Create genuine external accountability for FRA budget and spending decisions, while recognising the particular features of resourcing emergency services.**
- **Encompass the changing role of the service and provide clear, fair and sustainable funding mechanisms for it.**
- **Increase the expertise and capability of FRAs to provide strategic leadership, to sustain effective collaboration and to hold senior officers to account.**
- **Provide for FRA members to be fewer in number, but to have a more clearly defined remit and the capability to carry it out.**
- **Include a new performance management system which should better reflect the particular operating contexts and challenges which FRAs face.**
- **Be as limited in scope as possible, and avoid any changes to front-line operations or resources.**

Questions for consultation – the case for change:

1. Do you agree the objectives for reform are appropriate and important?
2. Are there other objectives that the reform programme should pursue?

CHAPTER 2

Designing a new system

- 2.1 The previous chapter set out the case for reforming FRA governance and finance, and the broad objectives of such a change. This one sets out the essential elements of a reformed system, and in doing so discounts some hypothetically possible options, while pointing towards others which the following chapters explore more fully.

A distinctive service

- 2.2 Fire and Rescue Services are widely recognised, and firefighters are seen as highly skilled and public-spirited individuals with a degree of respect which is not always enjoyed by other professionals and public service-providers. That is central to much of the work to broaden its role. For instance, programmes to tackle arson and other forms of offending often work because the firefighters who deliver them are not seen as connected to law enforcement. People who might resist the influence of authority figures such as police officers or teachers might well be more receptive to the same messages delivered by firefighters. More generally, the core skills and processes involved in firefighting can readily be expanded and adapted to deal with other emergencies.
- 2.3 We believe it is important to maintain that Fire and Rescue Service ‘brand’ and the core skills and values of firefighters. That means **FRAs should remain as separate and distinctive entities**. They should have their own governance and funding arrangements, although these will need to be reformed to allow them to maximise collaboration with other organisations.
- 2.4 Accordingly, **we do not support the transfer of fire and rescue services to the control of Police and Crime Commissioners (PCCs)**, as is taking place in parts of England. While FRAs must and do work closely with the Police, a formal transfer of control could compromise the distinctive Service identity. We also could not accept a devolved service coming under the control of non-devolved office-holders like PCCs. And in any event, fire and police boundaries generally do not align: of the four forces in Wales, only North Wales Police serves the same area as the FRA.
- 2.5 We would also not support transferring control of the Service back to local authorities, although there are other reasons for this too (see below).

A local service

- 2.6 In almost all countries in the developed world, fire and rescue services are managed and provided at the local or state/provincial level, rather than the national level¹. There is a very long history of this – fire services are among the oldest local public services in the world – but there are also positive reasons for control at this level. Although, as the previous chapter noted, local politics and community concerns rarely figure in FRA business. However, planning and delivering effective fire and rescue services depends

¹ Known exceptions include Italy, where a single national service was established in 1941, and more recently Scotland (in 2013) and New Zealand (in 2017). Some countries, such as Russia and Poland, also retain single national services created in the Soviet era.

on a detailed and intimate knowledge of specific local risks. For instance, each of our three FRAs has to manage the specific and very different fire risks of the Port of Holyhead, the Milford Haven oil refineries and the proliferation of high-rise buildings in Cardiff, as well as many other diverse risks created by particular local housing conditions, industrial developments, population patterns or environmental, topographical and climatological factors.

- 2.7 At the same time, a comprehensive fire and rescue service requires an extensive and highly trained workforce and a wide range of specialised vehicles and other equipment. In 1995, when the current FRAs were created, it was felt that these needs could only be met by organisations on the scale we now have. That is all the more so now – technology has advanced considerably since 1995, and the role of the Service continues to widen. The most highly specialised capabilities, such as those for dealing with water rescues, terrorist attacks or fires in high-rise buildings, only need to exist at a few of our fire stations, as now. It would not be possible for smaller organisations to maintain this breadth of service, still less to expand it into new areas.
- 2.8 Accordingly, we believe **the current pattern of three FRAs should remain**. They are small enough to maintain the detailed knowledge of local risks and conditions that they need, while being large enough to sustain the range of specialist capabilities that their role calls for. So **we do not support the creation of a single Fire Service for Wales**, similar to the Scottish Fire and Rescue service created in 2013. Even if that could be done quickly and cheaply – which evidence from Scotland suggests it could not – it would mean a loss of local knowledge and control, and would not necessarily address any of the objectives we cited in the previous chapter.
- 2.9 The same point means **fire and rescue services cannot return to local authority control**, as they were before 1995, and as they still are in some of the larger counties of England. All of our local authorities are far too small to be able to provide a comprehensive and efficient fire and rescue service. They would have to share resources between them, effectively recreating the status quo.
- 2.10 Likewise, we believe **there is no case for changing the current boundaries of FRAs**. Some have advocated this, in particular moving the areas of Swansea and Neath Port Talbot from Mid and West Wales FRA to South Wales FRA. This would create more homogenous FRAs for urban south Wales and rural mid and west Wales, and align FRA boundaries with those for the Police. But there is no evidence that the current boundaries create any particular problems, so no grounds for changing them.

A national dimension

- 2.11 While we believe the current configuration of FRAs should remain, there are also aspects of their work that are more grounded in national and international factors. For instance, long-term trends in risk are heavily influenced by matters such as ageing, austerity, climate change and terrorism, which clearly transcend FRA borders. Some highly specialised FRA functions – the so-called ‘national resilience’ capabilities² – are already managed and funded at an all-Wales level, in recognition of the degree of specialisation involved and the level of threat they are designed to address. And

² The main capabilities concern those dealing with major flooding; urban search and rescue (in collapsed buildings and similar); chemical, biological, radiological and nuclear incidents; and terrorist attacks.

diversification of the Service, in particular to support the NHS, also raises issues of national-level policies and objectives in those areas. They may in turn have implications for firefighters' pay and conditions – a matter into which all governments in the UK are increasingly being drawn.

- 2.12 The current relationship between FRAs and the Welsh Government is complex. The Welsh Government's National Framework for Fire and Rescue Services contains objectives and priorities for FRAs, and the Welsh Ministers can issue directions to FRAs which fail to act in accordance with it, but it is only guidance to which FRAs should 'have regard'. The Welsh Government has no control at all over FRAs' plans, performance or budgets.
- 2.13 Accordingly, while control should largely continue at the current level, we believe **new arrangements should also reflect the legitimate but limited national interests in the development and delivery of the Service**. It may be more appropriate for that to entail clarifying and tightening up the current status of the National Framework and the related performance management arrangements. We are not persuaded that extensive and direct involvement by government in the day-to-day governance of the Service would be justified.

Implementing change

- 2.14 Most of the changes we propose in this document can probably be made by amending the FRAs' *combination orders* – the statutory instruments which established them and which set out their current governance and finance arrangements. The Welsh Ministers have powers to do so by order. Some possible changes appear likely to require an Act of the Assembly instead, and this document identifies those too.

Questions for consultation – designing a new system:

- 3. Do you agree that FRAs should remain as separate and distinct entities, with the same boundaries as now?**
- 4. Do you agree that transferring control of fire and rescue services to Police and Crime Commissioners or local authorities would not be appropriate?**
- 5. Do you agree that there are legitimate but limited national interests in the Service that need to be reflected in its governance arrangements?**

CHAPTER 3

Proposals for change (1): Governance and membership

- 3.1 The previous chapter explained that the current structure of three FRAs needs to remain, in order to balance local knowledge with the scale needed to provide a comprehensive and efficient service. This chapter explains how, within that structure, the membership of FRAs should change to meet the objectives of reform.

Sources of membership

- 3.2 Members of public bodies (other than those who are directly elected) are normally nominated or appointed to their posts by other organisations or office-holders. There are three broad options for that in the case of FRAs:
- a. Local authorities could continue to nominate councillors to FRA membership.
 - b. Welsh Ministers could appoint people to membership on the basis of merit, following a fair and open competition.
 - c. Membership could be mixed, with some members nominated by local authorities and some appointed by the Welsh Ministers.
- 3.3 Councillor nomination would keep FRAs' political leadership at its current local level, and could provide for clearer accountability to local communities. By contrast, appointment by the Welsh Ministers would break that connection – accountability would instead be to the Welsh Government and the Assembly. But it would probably increase the expertise among members, who would be appointed for the skills and experience they would bring. A mixed membership would, of course, combine these features.
- 3.4 On balance, **we believe that local authorities should continue to nominate members**. That would be more consistent with the need for local knowledge and accountability which we described in the last chapter. While the attractions of an appointed 'expert' membership are considerable, we do not believe that it would be appropriate for what has always been a local service to become accountable only to the Welsh Government. Mixed membership may also look attractive and might combine the advantages of both the other options. But it could confuse accountability, complicate decision-making and increase the necessary membership size.
- 3.5 There are, though, some important changes that still need to be made.

Number of members

- 3.6 As we described in chapter 1, FRAs almost certainly have more members than they need. There is no meaningful sense in which those members represent the electorate, so there is no need for representation to be on this scale – or in proportion to local authority population. All an unduly large membership achieves is to complicate and delay effective decision-making – and to incur extra costs in the form of members' salaries and expenses.

3.7 Therefore, we propose that **each local authority should nominate one member of the FRA**, regardless of population. That would mean the number of nominated members would fall to 10 in South Wales and 6 in each of North and Mid and West Wales.

Types of members

3.8 Currently, FRA members are almost always nominated from the ranks of 'backbench' councillors – i.e. those who are not members of a council executive or chairs of scrutiny or audit committees. Anecdotally, this is because those who do hold such offices are not permitted to receive any extra salary as an FRA member, while backbenchers have no such restrictions.

3.9 We have no doubt about the dedication of the current membership. But this approach effectively separates the governance of fire and rescue services from that of all other local services, which is of course overseen by council executives. That is not in the interests of effective collaboration between FRAs and providers of those other services, or of effective scrutiny of that.

3.10 One promising option would be that **all nominated FRA members must be members of their council's cabinet**, appointed by the Leader as normal. They would come together as an executive decision-making FRA, replicating the roles they exercised in their 'home' authority. And they would be better able to build connections between fire and rescue services and other local services for which they and their cabinet colleagues were responsible.

3.11 To facilitate such change, it may be necessary to remove the current restriction on cabinet members receiving an extra salary as FRA members. The Independent Remuneration Panel for Wales is responsible for considering the salaries of councillors and cabinet members. It might also be necessary to raise the current statutory cap on the size of a local authority cabinet (9 members plus the Leader). We would need to consider this in light of the time available for cabinet members to carry out their roles, and how cabinets of the future could be shaped to give opportunities for job sharing in cabinet roles. We would welcome views on these points.

Scrutiny and challenge

3.12 Under this model, nominated members would all have executive roles, both in the FRA and their 'home' local authority. That should clarify and strengthen strategic leadership and connections with other services. But it would not of itself improve the accountability of the FRA as a whole. Individual members might be subject to scrutiny in their 'home' authorities, but that would not necessarily embrace their roles as FRA members, nor would it apply to the whole FRA.

3.13 As we explained in the first chapter, the local government scrutiny model relies on there being a politically distinct executive with a mandate to discharge. It does not and cannot work in an FRA context. There needs to be another means of holding the FRA to account and introducing constructive challenge into its decision-making.

- 3.14 One way of doing so is already widely used in the private and voluntary sectors. It involves appointing additional members (whether trustees, directors or similar) in a non-executive capacity. Such non-executive members do not make decisions; instead, they provide advice and challenge to those who do. Non-executive members are normally appointed because of the particular knowledge or expertise they would bring to the role and to the organisation as a whole.
- 3.15 We believe this approach would work well for FRAs. It would provide scrutiny and challenge without compromising local control, and would build the expertise available to each FRA. Therefore, we propose that **FRAs should also have non-executive members**. They should assist rather than obstruct decision-making, so their numbers should be modest. We would suggest the number of non-executive members should be equivalent to 25% of the reduced councillor membership as above, rounding up (i.e., 3 in South Wales and 2 each in North and Mid and West Wales).
- 3.16 The most straightforward approach would be for **the Welsh Ministers to appoint non-executive members on the basis of fair and open competition**. That would not make FRAs unduly accountable to the Welsh Government, as non-executive members would have no decision-making role. It would, though, ensure consistency across Wales and could attract a higher number and calibre of applicants. However, we would be open to FRAs appointing their own non-executive members, provided there were an agreed process and set of criteria for this.
- 3.17 This approach brings some challenge to FRA decision-making, but it does not generate the sort of full external accountability we envisaged in chapter 1. Doing that would require fundamental changes to the legislation governing FRAs, which will not be possible in the near future.
- 3.18 However, if and when legislative change were possible, we believe the best means of generating accountability would be to separate the role of the FRA from that of the Fire and Rescue Service (FRS) itself. The latter would be formally responsible for all aspects of service provision. It would be headed by a statutory Chief Fire Officer who had all of the service delivery functions which currently vest in the FRA, as well as the power to employ staff and own assets. The FRA, by contrast, would hold the Chief Fire Officer and FRS to account. It would not make decisions itself, but would endorse the most major decisions such as setting a budget, publishing a strategic plan or significantly reshaping front-line capacity.
- 3.19 This model would, we feel, best reflect the reality of running an emergency service. On a day-to-day basis that is arguably better left to professionals, with members being better equipped to scrutinise and challenge those responsible. The separation between the two would ensure full and independent accountability, while freeing up senior officers to lead and manage the Service. Such an approach was used for many years in the Police, where the Chief Constable had a similar relationship with the Police Authority.
- 3.20 Under this model, we would see no particular need to change the overall FRA membership arrangements described above. However, a scrutiny and challenge role may call for different skills, and it might be appropriate for local authorities to nominate (for instance) senior scrutiny members rather than executive members. We would

welcome views on this point, and on the longer-term reform we have proposed more generally.

- 3.21 While this represents our preferred approach, the outcomes of reform are much more important than the details. **We would, therefore, be happy to consider other proposals for FRA governance** besides those set out (or rejected) in this chapter. Any such proposals must, though, demonstrably meet the criteria we set out in Chapters 1 and 2 of this document.

Questions for consultation – governance and membership:

- 6. Do you agree that local authorities should continue to nominate FRA members?**
- 7. Do you think that local authorities should nominate one FRA member each, drawn from their cabinets?**
- 8. Do you believe any changes are needed to the size and remuneration of council cabinets, if their members were also to serve on FRAs?**
- 9. Do you agree that FRAs should also have non-executive members?**
- 10. Who should appoint non-executive members of FRAs?**
- 11. Do you have any views on the longer term proposal that responsibility for the service should vest in a statutory Chief Fire Officer, with FRAs fulfilling a scrutiny and oversight role? If so, would that require any change to membership arrangements?**
- 12. Do you have any other proposals for how to reform FRA governance which meet the criteria in Chapters 1 and 2?**

CHAPTER 4

Proposals for change (2): Funding

- 4.1 The previous chapter set out new arrangements for FRA membership and governance, grounded in local control but with independent challenge from non-executive members. This chapter describes options for funding FRAs under this new model.
- 4.2 The aims of reform here are (a) to provide proper accountability for budgets and expenditure, while (b) maintaining the level of funding needed to provide the full range of services (including non-core services such as those in support of the NHS). While mechanisms for generating accountability are widespread in the public sector, meeting the distinctive funding needs of a major emergency service calls for a more tailored approach.

Sources of funding

- 4.3 Some of the possible future sources of FRA funding are:
- a. Contributions from local authorities, as now, but with some form of external control on, or agreement about, the level of such contributions. This would be the minimum change needed to the current arrangements, and could sustain local accountability for budgets and spending. But it would not provide sustainable funding for non-core services.
 - b. Direct grant funding from the Welsh Government. This would mean the current funding route via local authorities would end. In the context of continuing austerity, such funds could have to be ‘top-sliced’ from the local authority revenue support grant (RSG) in the first instance. This would create some form of accountability to the Welsh Government and the Assembly, and would be broadly consistent with funding for agencies in areas like health. It would eliminate the need for local authorities to pay money on to FRAs, but would do little for local accountability.
 - c. A council tax precept, i.e. an extra charge on local council tax bills determined by the FRA, to pay for fire and rescue services. This could make the cost of the service transparent to local council tax payers, if FRAs engaged with them annually and fully assessed the impact of the level that is set, balancing the needs of the Service with the burdens on hard-pressed households. Precepting would also leave the level of resourcing under FRAs’ control. However, while the money raised would no longer be paid to FRAs by local authorities, it would be up to local authorities to decide whether to reduce their element of council tax in proportion. In challenging times, a material reduction in that element may be unlikely. And aside from the Welsh Ministers’ powers to cap council tax rises, there would be no external control on the overall level of spending.
 - d. A combination of (a) or (b) and (c). This would combine the strengths of the various options, but could complicate the system and accountability for spending if it were not carefully designed. Such a combination of central government grant and council tax precept is already used to fund police services, and fire services in England.

- 4.4 Of these options, we believe funding from the Welsh Government alone would be inconsistent with the local governance model for FRAs which we have described. While there is some scope for funding in this way, in particular for non-core services, relying wholly on it would make FRA funding subject to likely severe and long-term pressure on Welsh Government budgets, possibly threatening service standards. It would also mean removing from the RSG the significant sums which are paid on to FRAs. While that money is not available to local authorities in any event, those which receive relatively little RSG funding could suffer disproportionately from any such approach. However, **this could be a fall-back option if no other course appeared feasible.**
- 4.5 A council tax precept could increase the transparency of spending decisions. Allowing FRAs to retain control of their budgets would also help sustain service levels during a time of austerity. But this would not create any external control or challenge, aside from Ministers' capping powers. In particular, FRAs would not be answerable to the electorate for their council tax decisions, unlike other directly elected bodies like local authorities and Police and Crime Commissioners. There would also be greater administrative complexity in both FRA and local authority functions of billing and collection, together with the related tax-base calculations and information flows. We would also need to ensure that this option did not affect our ability to deliver our Taking Wales Forward commitment to reform council tax to make it fairer. And powers to set precepts would need to be created in an Act of the Assembly, so this could not be a short-term option.
- 4.6 That leaves the possibility of modifying the current system of FRAs levying contributions from local authorities. This would provide greater accountability and control if **FRAs are required to agree the level of funding each year with their constituent local authorities.** Doing so would also put FRA funding more clearly in a wider context of funding other local services, and would stimulate broader debate. In the event that agreement could not be reached, **the Welsh Ministers would have a default power to arbitrate** between the positions of the FRA and its constituent authorities. In practice this power would involve Welsh Ministers setting a budget by default if it appeared that an FRA could not agree a budget which fairly reflected the specific demands of operating an effective emergency service. Such a budget would be no higher than that originally proposed by an FRA, and costs would continue to be met by constituent local authorities.
- 4.7 We believe that would make a positive and immediate difference, and it is our preferred option in the short term. We would also be interested in views on the options for the longer term, such as funding by means of a council tax precept, combined with a Welsh Government grant. The aim would be to design a system which better reflected the Service's changing role, including services in support of the NHS. It should also allow FRAs to maintain a measure of control over funding levels, thus protecting service standards from long-term pressure on public finances.
- 4.8 As with our proposals on governance and membership, though, we are not wedded to the details here. Again, **we would be happy to consider alternative proposals on funding** provided that they met the broad criteria for reform.

Questions for consultation – funding:

- 13. Do you agree that FRAs and local authorities should agree the level of FRA funding each year, with a reserve arbitration power for the Welsh Ministers?**
- 14. Do you have any views on whether, and if so how, the funding model should change in the longer term?**
- 15. Do you have any other proposals for how to reform FRA funding which meet the criteria in Chapters 1 and 2?**

CHAPTER 5

Proposals for change (3): Performance management

- 5.1 As we explained in Chapter 1, the current performance management system for FRAs is not well-suited to their circumstances; and the Local Government (Wales) Measure 2009, on which it is based, is being repealed.
- 5.2 We propose to create a new system which is simpler, more flexible and more aligned to the distinctive features of fire and rescue services. In particular, the new system will:
 - a. Have flexible deadlines, rather than requiring plans and reports on a fixed annual cycle. Many of the challenges which the Service faces call for long-term transformation, and annual reporting can easily distract from that.
 - b. Allow FRAs to draw on a wide range of evidence about the services they provide, rather than relying on fixed performance indicators. These and other conventional performance measurement techniques do not work well for many FRA services. That is especially so for prevention and safety work, where qualitative techniques such as case studies are more useful.
 - c. Align with other statutory requirements on FRAs, in particular those under the Wellbeing of Future Generations (Wales) Act 2015. The aim should be for FRAs to have to produce only one set of plans and reports to discharge all such statutory requirements.
- 5.3 The National Framework for Fire and Rescue Services is already the accepted strategic Wales-wide vision for FRAs. It should be at the heart of their performance management arrangements. However, at present, the Framework's status and the duties of FRAs under it are far from clear. FRAs must only 'have regard' to the Framework; yet if they fail to 'act in accordance' with it, they can be subject to intervention by the Welsh Ministers.
- 5.4 We therefore propose to create a new system under which:
 - a. The Framework would continue to be reviewed and reissued every 3-5 years, and would contain strategic objectives for the Service.
 - b. The current practice of developing the Framework in full collaboration with the FRAs and with firefighters' unions would also continue, as would the alignment of the Framework with the Wellbeing of Future Generations (Wales) Act 2015.
 - c. For each iteration of the Framework, FRAs would decide whether to adopt each of the objectives in it, to adopt them with local modifications, or not to adopt them at all. FRAs could also decide to include their own objectives if they wished.
 - d. Each FRA would then be required to publish a plan for the lifetime of that Framework, setting out the objectives they have adopted, and (if appropriate) reasons for not adopting others. That plan would also set out the means by which the FRA would monitor progress towards those

objectives – which might in some cases be derived from the Framework itself.

- e. Each FRA would also produce periodic progress reports. The timing of these would depend on the objectives they covered. An objective which reflected day-to-day operations would lend itself to annual (or even more frequent) reporting, whereas one relating to the long-term transformation of the Service would not.
- f. Welsh Ministers would retain their current duty to report to the National Assembly every two years on progress in delivering the Framework, and their intervention powers.

5.5 Subject to the outcome of this consultation, we will use the forthcoming Local Government Bill to confer powers on the Welsh Ministers to create a system like this.

Questions for consultation – performance management:

- 16. Do you agree that the performance management system for FRAs should be grounded in the National Framework for Fire and Rescue Services?**
- 17. Do you agree with the need for such a system to give FRAs flexibility on planning and reporting cycles, and on the sources of information about performance that they use?**
- 18. Do you agree that the Welsh Ministers should retain their duty to report to the Assembly about delivery of the Framework, and their powers of intervention?**

Consultation Response Form

Your name:

Organisation (if applicable):

email / telephone number:

Your address:

Question 1: Do you agree the objectives for reform are appropriate and important?

Question 2: Are there other objectives that the reform programme should pursue?

Question 3: Do you agree that FRAs should remain as separate and distinct entities, with the same boundaries as now?

Question 4: Do you agree that transferring control of fire and rescue services to Police and Crime Commissioners or local authorities would not be appropriate?

Question 5: Do you agree that there are legitimate but limited national interests in the Service that need to be reflected in its governance arrangements?

Question 6: Do you agree that local authorities should continue to nominate FRA members?

Question 7: Do you agree that local authorities should nominate one FRA member each, drawn from their cabinets?

Question 8: Do you believe any changes are needed to the law on the size and remuneration of council cabinets, to allow their members also to serve on FRAs?

Question 9: Do you agree that FRAs should also have non-executive members?

Question 10: Who should appoint non-executive members of FRAs?

Question 11: Do you agree that, in the longer term, responsibility for the service should vest in a statutory Chief Fire Officer, with FRAs fulfilling a scrutiny and oversight role? If so, would that require any change to membership arrangements?

Question 12: Do you have any other proposals for how to reform FRA governance which meet the criteria in Chapters 1 and 2?

Question 13: Do you agree that FRAs and local authorities should agree the level of FRA funding each year, with a reserve arbitration power for the Welsh Ministers?

Question 14: Do you agree that, in the longer term, FRAs should have powers to set a council tax precept, with the balance of their funding from Welsh Government grants?

Question 15: Do you have any other proposals for how to reform FRA funding which meet the criteria in Chapters 1 and 2?

Question 16: Do you agree that the performance management system for FRAs should be grounded in the National Framework for Fire and Rescue Services?

Question 17: Do you agree with the need for such a system to give FRAs flexibility on planning and reporting cycles, and on the sources of information about performance that they use?

Question 18: Do you agree that the Welsh Ministers should retain their duty to report to the Assembly about delivery of the Framework, and their powers of intervention?

Question 19: We would like to know your views on the effects that the policy proposals would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English.

What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

Question 20: Please also explain how you believe the policy proposals could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

Question 21: We have asked a number of specific questions about FRA governance, finance and performance management. If you have any related issues which we have not specifically addressed, please use this space to report them:

Please enter here:

Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here: