



Technical Consultation – Local Government Finance Settlement 2015-16

Tyne and Wear Fire and Rescue Authority's response

The Authority welcomes the opportunity to comment on the technical consultation in respect of proposals for the Local Government Finance Settlement 2015/2016.

The responses are set out below for consideration by ministers:

Question 1:

Do you agree that compensation for the cap should be paid on the basis of the reduction to retained business rates income adjusted to account for lower tariffs and top-ups, as in 2014-15?

Authority Response:

No - Authorities should not lose out financially from this adjustment, which should be inflated by the relevant RPI index applied to business rates each year so that the amount retains its real terms value in future years, starting from 2015/16.

Question 2:

Do you agree that the 2014-15 Council Tax Freeze Grant should be rolled into Revenue Support Grant, and combined with the 2013-14 Council Tax Freeze funding element as a single element?

Authority Response:

No – we would prefer the elements to be kept separate for transparency but acknowledge that it is more important that this funding element is clearly protected in future years.

Question 3:

Do you agree that, subject to satisfactory progress by individual authorities, the 2014-15 Efficiency Support Grant should be rolled in as a separate element for the qualifying authorities?

Authority Response:

The Authority is not affected by this grant but would agree that it would be more transparent if this was rolled in as a separate element in the current funding mechanism.

Question 4:

Do you agree that the 2014-15 Rural Services Delivery Grant should be rolled in and combined with the rural funding element?

Authority Response:

Again the Authority is not directly affected by this additional grant and actually opposed this grant element from being introduced in the previous grant consultation process at the time, on the grounds that Resource Equalisation was a much bigger and more fundamental issue that needed to be addressed to ensure the current funding system remained fair. The case was not considered made for the additional funding allocated to rural areas.

Question 5:

Do you agree with the proposed methodology for reducing funding to authorities which have fallen below the threshold for participation in the Carbon Reduction Commitment Energy Efficiency Scheme, to take account of the loss in tax revenue to the Exchequer?

Authority Response:

The Authority is not affected by this issue but agrees with the rationale put forward.

Question 6:

Do you have any comments on the impact of the 2015-16 settlement on protected groups, and on the draft Equality Statement?

Authority Response:

The Authority has concerns over the draft Equality Statement issued and in particular the lack of detail from the government in setting out the mitigation actions they refer to in their overview of the position and also the inference that spending decisions by local authorities will also have an impact on protected groups in society without fully recognising that the way in which the government has allocated the cuts to funding, so far, by hitting the most deprived areas of the country disproportionately more is a major contributing factor and is also being perpetuated in future grant funding settlements. In particular the fact Resource Equalisation continues to be eroded year on year together with the inherent failures of a rewards based grant funding system that fails to properly recognise the different needs for services across the country means that the outcomes from the funding system are biased against the most deprived Authorities throughout the country and with it the disproportionate impact on their local communities and protected groups. The current incentivised system is seen as flawed and already is considered in need of urgent review to make it fairer and more transparent.

The Authority welcomes the LGA / CIPFA independent commission into local government finance that has recently been established to review the current system.

