



Lee Rowley MP – Parliamentary Under Secretary of State (Minister for Local Government and Building Safety)

The Rt Hon John Glen MP - Chief Secretary to the Treasury

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The Rt Hon Michael Gove MP - Secretary of State for Department for Levelling-up, Housing and Communities

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This matter is being dealt with by:

Peter Heath KFSM - Chief Fire Officer / Chief Executive and Clerk to the Fire Authority

Phil Tye - Chair of Tyne and Wear Fire and Rescue Service Authority

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Our Ref: FFS24/25

Date: 4th September 2023

Dear Sirs,

Fire Funding Settlement for 2024/25

As you approach the time of year where finance and budget decisions are made in relation to Fire and Rescue Services, I wish to offer the following matters for your consideration in relation to Tyne and Wear Fire and Rescue Authority and Service.

You may be aware that Fire and Rescue services across England are facing further inflationary pressures of c£139m in the coming year as a result of significant increases in areas including utility costs, fuel and green book (corporate staff) salary costs as a result of increases in the national living wage. These unavoidable inflationary cost pressures have been analysed and gathered by the National Fire Chiefs Council (NFCC) from services across the country, and mean that services will have to make difficult decisions if these cost increases are not matched by increases in the funding made available by government to the national fire and rescue service.

Tyne and Wear Fire and Rescue Service responded to the survey and, to put this into context, our current Medium Term Financial Strategy (2023/24 to 2026/27) shows a funding gap of £2.9m the way things stand. This position however is made worse by the fact that a new mobilisation system is having to be procured (to be live from November 2025) and that this is likely to result in a cloud based solution which will impact significantly on the revenue budget. Not only is it expected to double the existing costs of the current arrangements (circa £450k per annum), but the project will need additional staff to project manage this business critical development in 2024/25 in the lead up to implementation. The Service is out to tender now where a minimum £6m cost is anticipated over a 5 year period once acquired. Most FRA's are in a similar position which means this is a 'sellers' market with little room for cost efficiencies in this area from a fire service perspective.

The Authority is also having to deal with inflationary cost pressures that are remaining stubbornly high (presently 6.7%) on top of the cost pressures it is facing already. This, highlighted with the cost of goods and services significantly above the budget provision in 2023/24, particularly the higher costs of fuel, utility bills, estates building works / contracts



and the impact of the minimum wage on green book pay levels. The Authority has also seen its PFI unitary charge increase by 4% in February 2022 and by a further 8% in February 2023.

To put this all into context, the cost of all of these spending pressures amounts to an additional cost estimated to total £5.198m in this financial year. This and additional costs for 2024/25 will have to be managed by the Service in next year's revenue budget which is already severely under pressure.

If inflationary pressures are not covered by general government funding increases in the Local Government Settlement for 2024/25, the result may be a reduction in frontline whole-time firefighters and a resultant degradation in service with an increase in response times and risk; and a reduction in those carrying out important prevention, fire safety and building safety inspection work, much of which is linked to the post Grenfell recommendations and building safety review. The Fire Authority will also have no option but to consider reviewing its Capital Programme and cut essential planned project developments which are designed to promote firefighter safety if the funding position should deteriorate.

We are, therefore in common with other FRA's across the UK, seeking a settlement that delivers an increase in the Settlement Funding Assessment that matches the rate of inflation in order to help us to ensure our emergency service is still able to respond to incidents while maintaining our focus on prevention, fire safety, protection post Grenfell and the priority to continue to diversify the workforce.

We are also seeking continuation of the Service Delivery Grant funding that the government helpfully provided last year. This recognised the inflationary cost pressures faced by local authorities across the UK because of the cost of living crisis that has abated a little but inflation is still well above the government's target of 2%.

The final ask would be a continuation of the £5 Band D precept flexibility for all standalone FRA's as this helped to generate additional resources that meant we could avoid cuts to service levels in addressing the significant cost pressures faced by the Authority for 2023/24.

Fire and Rescue services are facing very similar inflationary pressures again for the coming financial year, and although inflation appears to have peaked and has dropped to around 6.7% to date, the Bank of England has projected inflation will still be much higher than the government's target of 2% in 2024/25.

We appreciate our cost pressure for PFI are unique to Tyne and Wear and few other FRA's but, we also share common cost pressures across our sector. As a stand-alone fire and rescue service we must rely on our own funding to be robust and sustainable to ensure we are resilient and can continue to deliver our essential emergency services. This is why it is very important that the Service retains the Council Tax £5 Band D flexibility that was given to it in 2023/24. This helped us raise an additional £0.709m from our precept above the standard 3% increase initially proposed and is a relatively low sum in comparison with the overall level of council tax.

Tyne and Wear Fire and Rescue Service



These three asks, of an inflationary increase in our SFA, retention of the Service Delivery Grant and retaining the £5 Band Council Tax flexibility when combined mean that the Authority will be able to close its MTFS funding gap and address the significant costs of the new business critical mobilisation system. Importantly, it will mean that the service can fund its inflationary pressures without the need to reduce its frontline whole-time fire fighters and response model, protection and prevention activity as well as continuing to drive diversification of the workforce in order to continue to keep our communities safe.

We support the view and position of the NFCC on the above matter and like all Fire and Rescue Services are committed to serving local communities. By securing the above funding, it will enable us to deliver on these commitments and continue to work collaboratively to deliver outcomes for our community.

Yours faithfully,

Handwritten signature of Peter Heath in black ink.

Peter Heath KFSM
Chief Fire Office / Chief Executive and
Clerk to the Fire Authority

Handwritten signature of Phil Tye in black ink.

Phil Tye
Chair of Tyne and Wear Fire and
Rescue Service Authority

