

Provisional Local Government Finance Settlement 2024 -2025

If the consultation survey link is inoperable and you are responding to this consultation by email or in writing, please reply using this pro-forma, which should be read alongside the consultation document.

There are 10 questions. If you do not wish to answer a question, please select not applicable in the relevant dropdown. Should you wish to attach further evidence or supporting information, you may attach and send this with the pro-forma.

Please **email responses to:**
LGFsettlement@communities.gov.uk

Alternatively, **written responses should be sent to:**

Local Government Finance Settlement Team
Department for Levelling Up, Housing and Communities
2nd floor, Fry Building
2 Marsham Street
London
SW1P 4DF

Your opinions are valuable to us. Thank you for taking the time to read the consultation document and respond.

Your Details (Required details are marked with an asterisk (*))

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Who is this an official response from? Please pick from the list below

Fire and Rescue Authority

Question 1: Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2024-25?

Disagree

Additional comments

Inequity in the Settlement

The primary concern for the Authority still remains that the same methodology used in previous years continues the inequitable distribution of resources and the cumulative adverse impact of some of the formula and funding system changes, which since 2010/11 have affected this Authority disproportionately in comparison to most other Fire and Rescue Authorities (FRA's) across the country. To date and including the 2024/25 Settlement data, which was worse than the average of all standalone FRA's, we have seen an accumulated increase in our Core Spending Power (CSP) of only 5% since 2010/11, which is the second worst position of all Fire Authorities and remains consistent with the accumulation of poor settlements experienced by all of the Metropolitan Fire and Rescue Authorities over this period. We were also especially disadvantaged in the period 2011/12 to 2015/16 when austerity measures were at their severest. With cumulative inflation of 47.7% since 2010/11 to date this also helps to show the real terms impact of the funding reductions on the Authority's revenue budget of over 42.7% since 2010/11 despite the improved settlements in recent years (including 2024/25).

This position is difficult to reconcile when other FRA's in different, often less deprived areas of the country than Tyne and Wear, have seen higher growth in their core spending resources than ours. This clearly shows that the current funding system is not fit for purpose and is in need of reform. The fact that the Authority's increase in its Core Spending Power (CSP) of 4.26% continues to fare worse than the average increase of 4.6% across all FRA's in 2024/25 which shows that even in the current year this inequity is still moving resources away from Authorities with the highest needs and demand for services.

It is thus very disappointing to note that the government have confirmed that they will not be reviewing the funding methodology and data in this parliament which will perpetuates the unfairness in the system for at least another year.

The Authority has had to implement some quite drastic actions in reviewing its response model, in order to balance risk with its limited resources, which has proved unpopular with both its workforce and its communities as a result of the continued and combined effect of having to manage past funding reductions, coupled with the increase in costs it has also faced. Although the Authority has saved over £35m since austerity began, it still has significant budget issues to address, some of which are beyond its control (eg firefighter pensions, pension

remedy, impact of the EU exit, very high rates of inflation, higher wages demands and settlements, the prolonged impact of the pandemic and has to acquire an expensive Operational Mobilising Communications system that is also ESN compliant by November 2025).

Resource Equalisation and Needs based funding

The way in which the current business rates retention system and other funding streams are designed, means that this system has gradually eroded away the main components of resource equalisation and needs based spending indicators (particularly the index of multiple deprivation measures) which were key elements in the previous formula grant system. The impact of these changes means that there has been a significant redistribution effect of funding towards those less deprived areas of the country compared to those most reliant on government grant funding which has unfortunately still continued since 2015/16. The Authority, therefore, is still looking for a fairer distribution of resources when the Fair Funding Review and the Business Rates Retention Reforms are finally implemented although it will now not be in this Parliament.

Members of the Authority would seek assurance from the government that it is still actually committed to implementing its Fair Funding Review for the fire service. It is very disappointing that known inequities in the current funding system remain and are not being addressed to the detriment of Authorities such as Tyne and Wear Fire and Rescue at a time when resources are most needed to be able to manage the very challenging year ahead which is being significantly impacted by the current volatile financial climate, cost pressures that are beyond our control and inflation currently running above 6%. This puts into perspective a CSP increase of 4.3% for the Authority in 2024/25.

It is thus important that any Review when it does take place recognises both resource equalisation measures (that properly takes into account a realistic and fair view of the local resources it can generate and that Grant is more fairly distributed taking this key factor in to account) and that a more accurate needs based funding system will help to address some of the current anomalies in the present funding distribution system and will then deliver a fairer and more sustainable funding system for this Authority and the wider fire service.

Question 2: Do you agree with the government's proposal to roll grants into the local government finance settlement in 2024-25?

Disagree

Additional comments

The transfer of the Fire Service Pension Grant into RSG has been done to secure the funding for future years Settlements however this will mean a lack of transparency in future allocations and the threat that if funding is reduced the benefit of the pension grant is also diluted. The government could secure the funding without merging this into RSG which would be a clearer and much more transparent option.

The comparison of RSG has also blurred and distorted the true RSG increases for the fire service which is not helpful and quite misleading.

Question 3: Do you agree with the proposed package of council tax referendum principles for 2024-25?

Disagree

Additional comments

Council Tax Flexibility

The Authority has for some time lobbied the government for some one-off additional flexibility over its council tax precept and welcomed the £5 flat rate Band D flexibility announced by the government as part of last year's Settlement. The fact this flexibility has been removed for 2024/25 is extremely disappointing as the ability to increase Council Tax (up to a maximum of a flat £5 at Band D increase for all Fire and Rescue Authorities (FRA's), would have helped under pressure budgets in what promises to be a very challenging year ahead for the finances of the Fire Authority and the fact it now has a new operational communications system to fund which will cost at least £1m to the revenue budget each year, when fully implemented.

The Authority lobbied for another flat rate Band D increase for 2024/25 but would of course much prefer additional government funding rather than having to increase Council Tax at a time when people are struggling with the aftermath of the pandemic and the current cost of living crisis. The trend over the past decade has seen government resources fall significantly in real terms but with a much higher proportion of funding coming from council tax payers. The council tax system is a regressive tax with no accountability to pay and benefits the more affluent areas of the country disproportionately compared to metropolitan areas with traditionally low value housing and higher deprivation. The LGA has regularly called for a review into how local government is funded recognising that council tax is not an appropriate or buoyant form of funding.

It is also very important that any revised funding system also fully and properly recognises the different local abilities by authorities to be able to generate income (currently from both business rates and council tax) to ensure resources are adequate to meet their statutory duties or to completely redesign a fairer system of funding local government and essential public services.

Question 4: *Do you agree with the Government's proposals to maintain the Funding Guarantee for 2024-25?*

Agree

Additional comments

This feature guarantees a 3% uplift in an Authority's CSP before the use of reserves and Council Tax increases and is recognised as a way of at least guaranteeing a minimum level of grant funding which is difficult to disagree with. The fact 31 out of the 44 Fire and Rescue Authorities are to receive this grant in 2024/25 shows how poor the finance settlement was for the fire service sector, who at least benefitted from this part of the grant system. A fairer distribution of resources would also be welcomed to avoid the need for this element of the grant system.

Question 5: Do you agree with the Government's proposals on funding for social care as part of the local government settlement in 2024-25?

Neither Agree or Disagree

Additional comments:

This issue does not directly impact upon the financial settlement of the fire service.

Question 6: *Do you agree with the Government's proposals for New Homes Bonus in 2024-25?*

Neither Agree or Disagree

Additional comments

This issue does not directly impact upon the financial settlement of the fire service.

Question 7: *Do you agree with the Government's proposals for the Rural Services Delivery Grant in 204-25?*

Strongly Disagree

Additional comments:

The government has continued to maintain this funding stream at previous year's levels of £85m for 2023/24 to continue to help address the 'perceived' additional cost of sparsity for rural areas, which is an example of the government dealing with cost pressures identified by one type of local authority by providing additional funding for a specific issue.

As an urban metropolitan Fire Authority, which is densely populated and has much higher fire risks than rural areas it is felt that this grant should be distributed across all FRA's on the basis used to allocate the new Services Grant so that all authorities benefit from this funding rather than it being targeted to rural areas where need for services such as fire are greatly reduced in comparison to the higher risk metropolitan areas of the country such as Tyne and Wear.

Question 8: *Do you agree with the Government's proposals for Services Grant in 2024-25?*

Strongly Agree

Additional comments:

The Authority lobbied hard for this funding to be retained in the Finance Settlement and welcomes that this has been retained for 2024/25 however the fact this funding has been reduced by 84% is a real cause for concern when it was to help fund the inflationary pressures of front line services which are still under significant pressure. Inflation is still stubbornly high and is showing no signs of reducing to more manageable levels in 2024/25. The Authority had only received £99k from the national allocation of £77m in 2024/25 when it received more than £628k in 2023/24 and has meant the increase in Revenue Support Grant it has received in 2024/25 has been effectively cancelled out.

The Authority would ask the government to confirm that this funding will now be retained as a permanent feature of future Finance Settlements and be bolstered to the previous year's more appropriate level of nearer £500m in total nationally.

Question 9: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments

No

If yes, please leave any additional comments here:

Question 10: Do you have any views about the government using levers in future local government finance settlements (those occurring after 2024-25) to disincentivise the '4 day working week' and equivalent arrangements of part time work for full time pay?

Yes

If yes, please leave any additional comments here:

As an emergency service in a deprived area of the country with a high demand for its services means the opportunity of its workforce to work part time is very limited and not considered practical. It would seem unreasonable to pay public sector staff for their roles if working part time with no detriment to their salaries. This would, unless there are good economic and/or efficiency reasons for doing so. To be at odds with best value for the public purse.