

Appendix 6

Provisional Local Government Finance Settlement 2022 -2023

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 2022/23, including the rolling in of two New Burdens grants?

Disagree

Additional comments

Inequity in the Settlement

The primary concern for the Authority is the same methodology used in previous years which continues the inequity of the 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 2022/23 Settlement data, despite a slightly more favourable Settlement which is welcomed, we have still seen an accumulated 11.3% reduction in our Core Spending Power (CSP) since 2010/11, which is the third worst 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 28.4% 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 39.7% since 2010/11.

This position is difficult to reconcile when other FRA's in different, often much less deprived areas of the country than Tyne and Wear, have seen a growth in their core spending resources or where reductions are significantly lower than ours. This clearly shows that the current funding system is not fit for purpose and is in need of reform. I am very happy to provide the detailed analysis that compares Tyne and Wear's CSP to other fire authorities which shows the variation in resources since 2010/11 to date if required for all FRA's.

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 more than £25m 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 Brexit, high rates of inflation and the continued and unexpected prolonged impact of the Coronavirus).

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 the key element of the previous formula grant system. The impact of these changes mean 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 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 as the Authority is aware this has now been further delayed for the fire service although local government will see changes in 2022/23.

Members of my Authority would seek assurance that the government is still committed to implementing its Fair Funding Review for the fire service noting that it is presently being excluded from the wider Funding Formula Review the government has indicated it is consulting upon in the Spring and intends implementing in 2022/23 for local government. It is also important that this review recognises both resource equalisation measures (that properly takes into account a realistic 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 proposed package of council tax referendum principles for 2022/23?

Strongly Disagree

Additional comments

Council Tax Flexibility

Despite the fire service submitting a request for more flexibility to increase Council Tax (up to a maximum of a flat £5 at Band D increase for all Fire and Rescue Authorities (FRA's)), there are only plans to change the limit for the 8 lowest Band D FRA's for 2022/23. Whilst this is progress it does not help this Authority which desperately needs the additional one-off boost to its resources in 2022/23 that this measure would provide. This is disappointing as such flexibility (even if it was a one-off measure), would have helped to alleviate some of the future funding issues identified by the Authority and thereby help to reduce and moderate some of the budget reductions it has previously implemented because of austerity.

The Authority would of course prefer additional government funding rather than having to increase Council Tax at a time when people are struggling with the aftermath of covid but in its absence a one-off, one-year boost to Council Tax would have helped the finances of the Authority significantly as it strives to balance risk with its limited resources.

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 from both business rates and council tax to ensure resources are adequate to meet their statutory duties.

Question 3: Do you agree with the Government's proposals for the Social Care Grant in 2022/23?

Neither Agree or Disagree

Additional comments

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

Question 4: *Do you agree with the Government's proposals for iBCF in 2022/23?*

Neither Agree or Disagree

Additional comments

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

Question 5: Do you agree with the Government's proposals for distributing the Market Sustainability and Fair Cost of Care Fund in 2022/23?

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 a one-off 2022/23 Services Grant distributed using 2013/14 shares of the Settlement Funding Assessment?*

Strongly Agree

Additional comments

Sustainability of services

The Authority agrees with the method used to distribute the one-off Services Grant of £822m in 2022/23 however the Authority is very concerned that this level of funding appears to be one-off funding for 2022/23 when the additional costs it is facing are ongoing and will therefore be unfunded in future years if this funding is not secured and built into future Finance Settlements.

With inflation running well above 4% and increasing, the significant costs of the increased National Insurance Employers contributions and the removal of the public sector pay freeze together with other costs pressures that are beyond the control of the fire service will mean that the revenue budget will come under severe pressure after 2022/23 if this funding is not built into future Finance Settlements. The Authority would ask that the government re-assesses this funding to make it a permanent feature of future grant settlements.

Question 7: Do you agree with the Government's proposals for New Homes Bonus in 2022/23?

Neither Agree or Disagree

Additional comments:

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

Question 8: *Do you agree with the Government's proposals for the Rural Services Delivery Grant in 2022/23?*

Strongly Disagree

Additional comments:

The government has maintained this funding stream at last year's level of £85m for 2022/23 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 9: *Do you agree with the Government's proposals for the Lower Tier Services Grant, with an updated minimum funding floor in 2022/23 so that no authority sees an annual reduction in Core Spending Power?*

Strongly Disagree

Additional comments:

The Authority does not benefit from this funding despite being a lower tiered 'fire' authority. This funding has been continued at last year's level but again excludes the fire service which seems inconsistent with the aims of this grant.

The Authority would instead prefer to see all funding that the government is providing to deal with perceived specific issues being distributed across all local authorities so that the benefit is spread evenly and fairly across each type of local authority preferably based on need (using SFA allocations for 2013/14) similar to the new Services Grant Funding for 2022/23.

Question 10: Do you have any comments on the impact of the proposals for the 2022/23 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft policy impact statement published alongside the consultation document? Please provide evidence to support your comments

No

If yes, please leave any additional comments here: