1.0 Executive Summary

1.1 The key points covered in our submission are:

- To highlight the financial challenges facing the Fire and Rescue Service, particularly authorities like Cleveland Fire Authority which serves an area with high levels of deprivation, as we are concerned these issues are not receiving the same attention other areas of public sector spending;

- To highlight the differences in Core Spending Power changes for Fire and Rescue Authorities (FRAs) over the period 2015/16 to 2019/20, as 17 out of 29 FRAs have seen an increase in Core Spending Power; with the highest increase being 4%. However, the remaining 12 FRAs have seen a reduction in Core Spending Power over this period. Cleveland and Lancashire have suffered the joint highest reduction of approximately 2.5%;

- To demonstrate that individual FRAs raise different proportions of Core Spending Power from Council Tax, ranging from 75% to 45%. The difference reflects the different make up on individual FRAs Council Tax base across the 8 property bands. FRAs which raise a low proportion of Core Spending from Council Tax have a higher proportion of properties in bands A and B. For example Cleveland has 65% of properties in these bands, compared to 44% nationally. FRAs which fund a low proportion of Core Spending Power from Council Tax are more exposed to future Government funding reductions as they raise less recurring income by increasing Council Tax;

- To raise our concern that the current percentage Council Tax referendum regime of maximum percentage increases benefits FRAs with a higher Band D Council level most, as each 1% increases more recurring Council tax income;

- To highlight the potential unfunded budget pressures in relation to Firefighters pay and pension contributions from 2020/21 onwards. As these costs account for the majority of expenditure it is essential that the new funding system addresses these issues and the different ability of individual FRAs to fund these costs by increasing Council Tax.

1.2 To address these issues we have suggest the following recommendations:

- the total funding envelope for FRAs needs to provide appropriate funding and the formula for distributing this funding to individual FRAs needs to reflect risk, deprivation and the different ability of individual FRAs to fund services from Council Tax.
• the Council Tax referendum limits for FRAs should change from percentage limits to fixed amounts.

• the inquiry considers the implications of the Employers pay proposals in relation to ‘broadening the role’ and asks the Government to commit to providing the appropriate necessary additional and sustainable government funding within the 2019 Spending Review.

• the inquiry considers the implications of the increase in employers’ pension contributions for firefighters and asks the Government to commit to providing the appropriate necessary additional and sustainable government funding within the 2019 Spending Review.

2.0 Introduction and Reason for Submitting Evidence

2.1 Cleveland Fire Authority is located in the north east corner of England and contains the four boroughs of Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton. The area is 231 square miles with a population of 566,150, which makes us the seventh most densely populated fire authority area in England. We have 30 Top Tier COMAH (Control of Major Accident Hazard) sites – 9% of all these nationally. Dwellings are in extremely close proximity to these high hazard industries.

2.2 41% of the area’s population reside in the most (10%) deprived wards with more than half the population (57%) living in wards that are in the 20% most deprived wards nationally. Research has demonstrated that higher deprived areas have higher risk from fire:

‘There are great (four fold) differences in the rate of dwelling fire/casualty arising from differences in socio-demographic factors such as deprivation, disability, being single and unemployment’ (DCLG Fire Research Series 9/2008).

2.3 The Authority has faced annual reductions in Government funding since 2010/11 and increases in Council Tax income have only offset part of these reductions. Therefore, we have had to modernise the way we provide services and the following changes have been implemented:

• 36% reduction in the number of whole time firefighter posts from 518 in 2010/11 to 330 in 2019/20.
• 33% increase in the number of retained duty system firefighter posts from 72 in 2010/11 to 96 in 2019/20.
• 38% reduction in the number of fire control posts from 26 in 2010/11 to 16 in 2019/20.
• 19% reduction in the number of non-uniformed support posts from 129.21 in 2010/11 to 105.15 in 2019/20.
• 30% reduction in number of Elected Members from 23 to 16 – effective from June 2016.
2.4 Whilst managing the above changes and reductions in resources we have continued to focus on providing the best possible service to the people we serve, key performance outcomes include:

- **Response Times**: we provide the Fastest Average Response times in the country to Primary Fires, Dwelling Fires, Road Vehicle Fires and Other Outdoor Fire. Other Building Fires we are the 4th fastest in the country and 2nd fastest in the country to secondary fires;

- **Higher rate of Home Fire Safety Visits** (HFSV) completed per annum than national average: 323.47 per 10,000 population compared to 103.57. Third highest rate of HFSV nationally in 2017/18.

2.5 We are making this submission to highlight the significant changes made over the last 9 years to manage reductions in Government funding and the risks to future service provision to some of the most deprived communities if the Spending Review and Local Government funding system do not provide the appropriate and necessary sustainable government funding from 2020/21 for all FRAs.

3.0 Detailed submission

3.1 The Authority welcomes the opportunity to make a submission to the inquiry and hopes that the inquiry will help Parliament, the Government and the public understanding the impact of austerity and the significant financial challenges facing the sector in 2020/21 and future years.

3.2 We believe that the Local Government Association has highlighted the financial challenges facing local authorities, particularly in relation to Adult Social care and Children’s Services. However, we are concerned that the challenges facing the Fire and Rescue Service, particularly authorities like Cleveland Fire Authority which serves an area with high levels of deprivation, are not receiving the same attention.

3.3 Over the period 2015/16 to 2019/20 Core Spending Power for Fire and Rescue Authorities (FRAs) has varied significantly. Over this period 17 out of 29 FRAs have seen an increase in Core Spending Power; with the highest increase being 4%.

3.4 However, the remaining 12 FRAs have not been able to offset Government funding reductions through increases in Council Tax income and have actually seen a reduction in Core Spending Power over this period. Cleveland and Lancashire have suffered the joint highest reduction of approximately 2.5%.

3.5 The range of Core Spending Power changes is summarised in the table overleaf:
3.6 The reductions on Core Spending Power have actually existed since 2010/11. To provide some context Cleveland Fire Authority’s 2019/20 budget is £7.3m less than it was in 2010/11, this is a reduction of 22%. To manage this reduction we have modernised services and increased our efficiency. The key changes we have been made are as follows:

- **36% reduction** in the number of whole time firefighter posts from 518 in 2010/11 to 330 in 2019/20.
- **33% increase** in the number of retained duty system firefighter posts from 72 in 2010/11 to 96 in 2019/20.
- **19% reduction** in the number of non-uniformed support posts from 129.21 in 2010/11 to 105.15 in 2019/20.

3.7 **Future Funding arrangements**
In relation to the future local government finance system we believe that the following key issues need to be addressed in relation to Fire and Rescue Authorities (FRAs):

3.8 **Issue 1** – Recognise that individual FRAs fund significantly different proportions of Core Spending Power from Council Tax.

3.9 As highlighted in the table overleaf individual FRAs fund significantly different proportions of Core Spending from Council Tax. The highest FRA funds 75% of Core Spending from Council Tax and the lowest (Cleveland Fire Authority) only 45%.
3.10 The main reason Cleveland funds a low proportion of spending from Council Tax is because the area has a low Council Tax base, i.e. 65% of properties are in bands A and B, compared to 44% nationally.

3.11 This position means that FRAs which fund a low proportion of Core Spending from Council Tax are more exposed to future reductions in Government funding as they cannot offset these cuts by increasing Council Tax. Therefore, these FRAs may have to make further cuts in services if Government funding cuts continue in 2020/21 and future years.

3.12 Depending on the scale of future Government funding levels for FRAs and how the total is allocated to individual FRAs there is a real risk that some FRAs may not have sufficient financial resources to continue to provide services.

3.13 **Suggested Action to address this issue** – the total funding envelope for FRAs needs to provide appropriate funding and the formula for distributing this funding to individual FRAs needs to reflect risk, deprivation and the different ability of individual FRAs to fund services from Council Tax.

3.14 **Issue 2 – Recognise that the current Council Tax referendum regime provides different additional income for individual FRAs**

The current percentage Council Tax referendum regime benefits FRAs with an above average Band D Council Tax level as each 1% increase generates more recurring Council Tax income. As highlighted in the table overleaf the level of Band D Council Tax varies across individual FRAs.
3.15 This issue used to also apply to Council Tax levels set by Police and Crime Commissioners. However, this has been addressed by moving to fixed Council Tax referendum amounts of £12 for 2018/19 and £24 for 2019/20.

3.16 **Suggested Action to address this issue** – the Council Tax referendum limits for FRAs should change from percentage limits to fixed amounts.

3.17 Issue 3 – Firefighters pay awards

3.18 At a national level there has been significant discussion between the National Joint Council for Local Authority Fire and Rescue Services (NJC) and the Fire Brigades Union (FBU) regarding ‘broadening the role’ and a pay settlement covering 2019/20 to 2021/22. On the 4th March 2019 the NJC formally wrote to the FBU to “set out the Employers’ thinking on taking matters forward with regard to discussion on broadening the role of the firefighter”.

3.19 The NJC is clear that FRAs cannot afford to contribute more than 2% in any settlement year. Therefore, the proposal made it clear that pay increases beyond 1st July 2019 are “subject to the provision of the appropriate necessary additional and sustainable government funding”.

3.20 **Suggested Action to address this issue** – the inquiry considers the implications of the Employers pay proposals in relation to ‘broadening the role’ and asks the Government to commit to providing the appropriate necessary additional and sustainable government funding within the 2019 Spending Review.
3.21 Issue 4 – Employers Firefighter Pension contributions

From 1st April 2019 there has been a significant increase in employers’ pension contributions for firefighters. Other unfunded pension schemes for the police, teachers and NHS also face significant increases. These increases reflect the impact of changes in how future pension liabilities are calculated.

3.22 The Government initially indicated they would provide national funding for 2019/20 of £97m, which has recently been increased to £115m. The Government has indicated the case for recurring funding for 2020/21 and future years will need to be made in the 2019 Spending Review.

3.23 To put this into context the increase adds approximately 10% to Cleveland Fire Authority’s firefighters pay costs. Therefore, it is essential that sustainable government funding is provided in 2020/21 to protect services.

3.24 Suggested Action to address this issue – the inquiry considers the implications of the increase in employers’ pension contributions for firefighters and asks the Government to commit to providing the appropriate necessary additional and sustainable government funding within the 2019 Spending Review.

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