

Response to Provisional Local Government Finance Settlement 2026/27

In August I wrote to Alex Norris regarding the Fair Funding Review and this letter reflects many of my earlier concerns and suggestion for a fairer and more sustainable funding system for the sector, not just Cleveland Fire Authority.

I am now responding as the Chief Fire Officer of Cleveland Fire Brigade (CFB) to the provisional Local Government Finance Settlement 2026/27. I am supported by the Cleveland Fire Authority. The Authority welcomes the opportunity to comment on this consultation and hopes the Government will address the concerns set out in the following paragraphs. The Authority greatly appreciates the actions the Government has taken to partly mitigate the impact of the initial proposals set out the Fair Funding Review consultation and return to multi-year settlements - which are essential for long term planning of local Fire and Rescue Services.

The Authority previously welcomed the statement in the Ministerial Foreword to the Fair Funding Review consultation that “too many areas have felt the combined impact of reducing government support and low historical tax bases to raise income from.” This is exactly the position faced by Cleveland Fire Authority as a result of the previous government’s austerity programme and is a concern we have raised for many, many years.

It is therefore disappointing that the provisional 2026/27 Local Government Settlement does not deliver on this commitment and will worryingly see a continuance of the North East and Cleveland Fire Authority, specifically, suffering even greater financial challenges in what are some of the most deprived areas of the country, with one of the highest concentrations of COMAH sites in England. The provisional settlement, if applied as is proposed, will lead to cuts in front line (Firefighters) service provision. Cleveland Fire Authority provides fire and rescue services to around 570,000 residents, living in 267,000 properties across Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton. Since 2014, CFB has lost 34% of its wholetime firefighters which is above the national average.

Our analysis of the provisional settlement shows that over the period 2025/26 to 2028/29 the Authority will once again have one of the lowest increases in Core Spending Power (CSP) of any Fire and Rescue Services (FRss). Furthermore, this increase is fully reliant on implementing annual Band D Council Tax increases of £5, as grant funding will reduce over the next three years. Both our neighbouring FRss (Tyne and Wear, and Durham and Darlington) face a similar position.

The significant financial and service challenge facing Cleveland, Tyne and Wear, and Durham and Darlington, is clearly highlight by the total Floor Funding Grant to be received by the three FRA in 2028/29 of £6.8m – which is 75% of the total Floor Funding Grant allocated to all FRA. This position needs to be considered in the context of the local geography and the impact this has on mutual aid between FRAs to deal with major incidents. For all three authorities our eastern boundary is the North Sea. Boundaries beyond our three authorities are sparsely populated areas, reliant on Retained Duty Fire cover.

In terms of our CSP increase over the next three years this is only 6.32%, well below the 0% increase for the majority of FRA and less than one third of the increase for the four FRA

receiving an increase in CSP of 20% or more. of Leicester FRS which gains from both an increase Grant and Business Rates, and Council Tax – which reflect their higher Council Tax base.

It seems perverse that Leicester will see a **£11.6m** increase in CSP from a 2025/26 base of **£51.6m**, when compared to the combined increase for Cleveland plus Tyne and Wear of only **£6.4m** from a 2025 base of **£101.9m**. This position is detailed in the following table.

Comparison of CSP increase 2025/26 to 2028/29

2025/26 Base				Three year increase / (decrease)			2028/29 CSP
Council Tax	Grants & Business Rates	Total CSP		Council Tax	Grants & Business Rates	Net CSP increase	
£'m	£'m	£'m		£'m	£'m	£'m	£'m
15.7	20.7	36.4	Cleveland	3.3	(1.0)	2.3	6.32%
30.7	34.8	65.5	Tyne and Wear	6.1	(2.0)	4.1	6.26%
30.3	20.9	51.2	Leicestershire	7.0	4.6	11.6	22.66%

The Authority has previously supported many of the comments made by the National Fire Chiefs Council (NFCC) in its response to the Fair Funding consultation. However, as the provisional settlement consultation proposals have different impacts on individual FRSs this letter outlines those areas most relevant to Cleveland Fire Authority and the wider North East.

1. Legacy of Austerity funding cuts

In responses to previous years' annual Local Government Finance Settlements, we highlighted the disproportionate impact of the previous government's funding cuts on the Authority. This situation was compounded by our low tax base, which means we only fund **43%** of Core Spending Power from Council Tax, compared to an FRS average of **60%** and **73%** for the FRSs least reliant on Government grant funding.

Consequently, Cleveland Fire Authority had to reduce the number of wholtime firefighters by 34%, which is a third greater than the total reduction for all FRSs of 25%.

We appreciate the funding challenges facing the Government and are not arguing for restoration of previous funding levels, or a levelling up of the previous reduction in the number of whole-time firefighters.

However, this position needs to be recognised in the funding arrangements for 2026/27 and future years, as individual FRSs are starting from different places. Therefore, we believe all FRSs should have the same percentage increase in Core Spending Power.

We appreciate this will not now be possible for 2026/27, but would request that this issue needs to addressed for 2027/28 to avoid a two tier fire service developing in England, which would see some areas increasing the number of firefighters, whilst

other areas reduce. The following points explain why this is important and how it can be achieved.

2. Future Spending Pressures 2026/27 onwards

The Fire and Rescue Service is a people-focused service, and the majority of all FRSs annual budgets are spent on pay budgets – typically 80%. All FRS therefore face the same financial pressures in relation to national pay awards for both Green and Grey book staff.

Similarly, non-pay budgets are spent on the same broad categories (including derv for fire appliance, energy costs/business rates for operational fire stations, insurances and uniform costs). Therefore, all FRSs face the same annual percentage inflation increases.

In view of the broadly similar percentage increase in costs facing all FRSs the future funding system needs to provide all FRSs with the same basic increase in Core Spending Power. If this is not the case this Authority will continue to face the combined impact of reducing government support and a low council tax base to raise income from. This will result in the stark reality that many FRSs, including this Authority, will again be cutting services (including cuts in the number of fire-fighters), whilst other FRSs will have resources to increase services, or avoid having to increase Council Tax by £5.

3. Support for NFCC response to consultation

The detailed NFCC response to the settlement consultation sets out the key issues impacting on the sector which I fully support. In particular I fully endorse the following key issues and proposed detailed in the NFCC response:

- The settlement pays little cognisance of risk factors – Cleveland Fire Brigade by way of example protects 9% of the national COMAH risk yet is one of those most impacted by the funding settlement.

As Chief Fire Officer for Cleveland I can confirm this is a major operational consideration in the planning of resources needed and this had an additional costs not faced by FRS which do not have this level of risk. This risk has tow components, firstly the COMAH site themselves and secondly associated the road tanker movement on our road network.

- Government must ensure that the funding floor is set an appropriate level to reflect actual inflationary pressures being faced by the FRS and that all FRSs have adequate resources to address local risk. I support NFCC view, that long term, this should be set at a combination of average earnings growth and the Consumer Prices Index (CPI), or at CPI as a minimum.
- As an immediate solution whilst the Fire Funding Formula is reviewed, we would ask that the funding floor is set above its current proposed level. This will prevent damaging cuts in service. A 3.8% increase for 26/27 prior to the committed

review would only result in a 0.5% change in the total Fair Funding allocation for standalone FRAs.

- As indicated by NFCC I am glad to see protections for FRAs, however these do not go far enough. We are supportive of the principle of a funding floor to ensure FRAs' CSP at least reflects the true inflationary and cost pressures that services face, however, the funding floor proposed by Government is based on the forecasted GDP deflator. FRS costs are very largely driven by staffing costs, particularly firefighter pay. We are keen to see firefighter and other staff pay levels keep pace with the cost-of-living pressures that are faced by all, which are more accurately tracked by average earnings and the CPI (or in fact RPI) to measure competitiveness and real costs respectively. I support the NFCC, call on Government to use a hybrid of these measures to reflect real terms growth, rather than the GDP deflator. We are not asking for Government to fund pay deals, but rather to use a measure of inflation appropriate to the fire and rescue sector in supporting the FRAs most adversely impacted, thereby avoiding further damaging cuts in essential services. Government should consider a measure which better reflects the true cost pressures facing FRSs.
- It is also vital that Government adjusts future calculations to reflect any variances in inflation not currently anticipated in forecasts. For financial planning, the floor should be set at the start of the MYS but, if inflation turns out to be higher than forecasted, the floor should be uprated accordingly so that FRAs at the floor can maintain existing capacity in real terms (all else being equal).

4. Specific Grants

We understand the rationale for the government's plan to simplify the grant landscape. It is our understanding that for council grant regimes there is significant duplication and overlap and better service outcomes can be achieved from the Government proposals.

However, for grants paid to FRSs we have very significant concerns these proposals may produce unintended outcomes and compound the impact of potential core grant cuts.

We believe that grants provided for specific cost pressures (i.e. to cover increases in the Employers' Pension contribution for fire fighters arising from national actuarial revaluation and increases in Employer's National Insurance contributions for Green and Grey book employees) should continue. This will ensure transparency for the impact of national policy decisions on costs and the funding provided.

In summary, Cleveland Fire Authority had to manage some of the largest reductions in Core Spending Power as a result of the previous Government's austerity regime. We addressed these issues successfully and believe the Authority is efficient and effective.

However, this means we will be starting 2026/27 in a more challenging position than most other FRSs – as evidenced by the 34% reduction in whole-time firefighters compared to an FRS average reduction of 25%. Being realistic we appreciate the Government cannot make any significant changes to the provisional 2026/27. However, it is essential that the

significant concerns we have raised and our proposal to address these issues are addressed before the funding reforms become too imbedded for 2027/28 and future years.

This is a similar position faced by my colleagues in the fire and rescues services across the country, noting the North East is disproportionately impacted.

I hope that the above concerns can be addressed before we need to make permanent cuts to services (i.e. the number of firefighters).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Rickard', with a stylized flourish at the end.

PETER RICKARD
CHIEF FIRE OFFICER

APPENDIX B (PART 2)

Response to Provisional Local Government Finance Settlement 2026/27 – specific consultation questions

Question 1: Do you agree or disagree with the government's proposals for distributing the total Fair Funding Allocation across the multi-year Settlement period from 2026-27? This encompasses the approach to Baseline Funding Levels, Revenue Support Grant, the Adult Social Care Relative Needs Formula distribution, the additional funding for local services, the approach to the Local Authority Better Care Grant, and the method for calculating tariffs and top-ups.

Response: No, the Authority has significant concerns regarding the proposals and has submitted a detailed response, including suggestions for a fairer settlement.

In summary we are extremely concerned that a small number of Fire and Rescue Services (FRSs), including Cleveland, will receive a disproportionately low increase in Core Spending Power (CSP) over the period 2026/26.

The five FRSs receiving Floor Funding Grant, which includes Cleveland, all see a cumulative three-year CSP increase of approximately 6.3%. The majority of FRSs see an increase of over 10%, with four FRSs gaining increases of more than 20%.

An increase in CSP of 6.3% over three years will not cover the additional costs of national pay awards and inflation. Both issues are outside the control of individual authorities. As a consequence, Cleveland Fire Authority will have to make further service cuts over the next three years. These additional cuts will be made on the back of having to cut the number of fire-fighters by 33%, significantly higher than the national reduction of 25%, as a result of the previous Governments austerity regime.

Within our detailed response we have set out a range of options for a fairer settlement. These proposals include the option of ensuring the five FRSs receiving only a 6.3% increase in CSP would receive additional funding to increase the CSP increase to 10%. We have estimated this would cost around £9m in total for the 5 FRSs by 2028/29.

Question 2: Do you agree or disagree with the government's proposed transitional arrangements?

Response: In principle we agree that transitional arrangements are needed. As detailed in our response to question 1 we believe more transitional support is needed for FRSs over the next three years.

Of equal importance there needs to be certainty regarding the Floor Funding grant after 2028/29. This funding needs to be maintained and indexed linked to RPI from 2029/30.

To put this into context if Cleveland Fire Authority's Floor Funding grant of £2.1m in 2028/29 is not maintained we will either have to cut a further 10% of our fire-fighter posts; or seek an additional Band D Council Tax referendum limit of £12 i.e. total limit of £17 for 2029/30.

Question 3: Do you agree or disagree with the proposed package of council tax referendum principles?

Response: In the absence of additional grant funding, we reluctantly agree with the principles. We remained concerned at the impact of increasing the Council Tax burden on households, particularly the most financially deprived households.

We also remained concerned that the £5 limit for FRSs raises significantly different amounts for individual FRS. This means areas with a low Council Tax base, including Cleveland Fire Authority, generate less additional income from a Council Tax rise and consequently achieve lower overall CSP increases. As a result of residents will continue to pay more, whilst seeing further service cuts.

In areas with a high Council Tax base the situation is reversed as more income is raised and services can be increased.

Question 4: Do you agree or disagree with the government's proposed approach to distributing funding for the Families First Partnership programme via the final version of the Children and Young People's Services (CYPS) relative needs formula?

Response: no comment as not relevant for FRSs.

Question 5: Do you agree or disagree with the government's proposed approach of continuing the IDB support grant for 26-27 but seeking an alternative solution from 227-28?

Response: no comment as not relevant for FRSs.

Question 6: Do you agree or disagree with the government's proposal on Mayoral Strategic Authorities in the Local Government Finance Settlement?

Response: no comment as not relevant for FRSs

Question 7: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please identify which protected characteristic you believe will be impacted by these proposals and provide evidence to support your comments.

Response: This is an issue for the Government to address. We are concerned that for Cleveland residents an increase in Council Tax has a greater impact on lower income households. Additionally, the service cuts we will need to make will disproportionately impact on vulnerable households as we will have to scale back discretionary services to protect front line emergency response services.