

Lord Greenhalgh
Minister of State for Building Safety, Fire
and Communities

2 Marsham Street
London SW1P 4DF
www.gov.uk/home-office

To: Roy Wilsher and Ian Stephens
By Email Only

24 December 2020

Dear Roy and Ian,

PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2021-22

On 17 December, the Government announced the provisional local government finance settlement for 2021-22. Details of the provisional settlement can be found here:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2021-to-2022>

This year's settlement has been delivered against the backdrop of a global pandemic, which has had serious consequences to national economies and societies. Fire and Rescue Services have been tirelessly fighting the pandemic from the frontlines, and I would like to extend my thanks to all of you in continuing to respond to the needs of our communities at this time of extraordinary pressure.

This Government considers it a priority that local authorities have access to funding that helps maintain critical public services. In 2021-22, settlement funding assessment for local authorities – including fire and rescue services – will increase in line with inflation. Core spending power across standalone Fire and Rescue Authorities will increase by 2.6%. I can also confirm that the £115m pensions grant will continue to be paid next year, at the same allocations as last year, and will be baselined into the local government finance settlement from 2022-23.

The Government will undertake another Spending Review next year, and my officials will continue working collaboratively with the National Fire Chiefs Council (NFCC) and the Local Government Association (LGA) to develop evidence on future requirements for Fire and Rescue Services. However, given that Covid-19 is likely to continue affecting public finances for some years to come, I would like to welcome any suggestions on opportunities for future efficiencies as part of my department's engagement with Fire and Rescue Services.

I have recently taken time to reflect on the findings of reviews by Sir Ken Knight (2013) and Adrian Thomas (2016) into efficiencies and operations in Fire and Rescue Services, as well on the findings of inspection reports by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services. I know that in recent years, Fire and Rescue Authorities across England have taken significant steps to create efficiencies and strengthen collaboration with other services. I am ambitious however that all Fire and Rescue Authorities continue to actively consider opportunities for further progress in this area, and make arrangements to effectively evaluate, review and monitor collaboration activities to ensure continued benefits and cost-effectiveness.

My own 'ABC' of financial management includes 'asset management', 'budgetary control' and removing unnecessary 'costs'. Applying the 'A' of asset management to Fire and Rescue Services, I am keen to see more services co-locating, or considering the hiring or selling of assets where those assets are no longer being used. In relation to reserves, stand-alone fire service resource reserves amounted to £538 million or 39% of their Core Spending Power in March 2019. I am aware that this is the pre-COVID position, and that approaches to capital investment across fire and rescue services differ for good reasons, with some choosing to fund such investments through borrowing and others building up reserves for capital spend. However, I am keen to understand Fire and Rescue Authority reserve strategies in more detail and my officials will be working with NFCC on these in the new year.

In relation to 'budgetary control' and 'costs', nearly 75% of Fire and Rescue Service budgets is spent on employee costs. I would, however, like to encourage continued innovation to create efficiencies where they can be made. For anyone interested in collaboration and sharing of ideas with others, I would like to highlight the Chartered Institute of Public Finance and Accountancy (CIPFA) programme on Achieving Financial Excellence in Policing as a good place to start. I know that some Fire and Rescue Authorities are already participating in discussions through the programme. Anyone else interest in joining can contact Alison.Dewhirst@cipfa.org.

I would like to close this letter by wishing you all a peaceful Christmas and a happy New Year. I look forward to working with you all next year.

Please note that copies of this letter have been sent to all Fire and Rescue Authority Chairs and Chief Fire Officers.



Lord Greenhalgh
Minister of State for Building Safety, Fire and Communities at
Ministry of Housing, Communities & Local Government and Home Office