

To: Cambridgeshire and Peterborough Fire Authority

From: Head of Service Transformation – Tamsin Mirfin

Presenting officer: Deputy Chief Executive Officer (DCEO) - Matthew Warren

Telephone: 07786 023436

matthew.warren@cambsfire.gov.uk

Date: 15 February 2024

Financial Business Continuity Planning

1. Purpose

- 1.1 The purpose of this report is to provide the Fire Authority with an update on the Service's business continuity arrangements with regard to financial planning.

2. Recommendation

- 2.1 The Authority is asked to note the work completed and status of the financial business continuity plans.

3. Risk Assessment

- 3.1 **Political** - the political impact of identifying options relating to changing the Service, especially where options impact service delivery, will be challenging. The Authority and the Service are likely to receive intense pressure from internal and external groups including the public, representative bodies and local MPs when options are collated and published.
- 3.2 **Economic** - there is significant risk on the budget at the present time owing to high inflation. This, coupled with existing government policy to restrict council tax increases to 3%, may result in the Service not being able to recommend a balanced budget to the Fire Authority for future financial year(s).
- 3.3 **Social** - any options identified that have a negative impact on service delivery will be felt by local communities and may significantly affect our workforce.
- 3.4 **Legal** - there is a risk that without sufficient financial contingency planning, the Chief Finance Officer will have to make a report under Section 114 of the Local Government Finance Act 1988, known as a Section 114 notice, if it appears to them that the expenditure of the Authority in a financial year is "likely to exceed the resources (including sums borrowed) available to it to meet that expenditure".

4. Equality Impact Assessment

- 4.1 People in our community with certain protected characteristics, specifically age and disability, are at greater risk of dying following a fire in the home. Our prevention strategies aim to minimise this increased risk by targeting them for home fire safety visits.

5. Background

- 5.1 Since 2010 the Service, with significant support from the Fire Authority, has spent substantial time and effort reducing the cost of running the fire and rescue service in Cambridgeshire, cutting circa £7million from the budget whilst mitigating the operational impact. Despite the reduction in available finances, the Service has streamlined and continued to deliver a good, efficient and effective fire and rescue service; this has been evidenced in His Majesty's Inspectorate of Constabulary and Fire and Rescue Services inspection reports.
- 5.2 In 2022, we were again facing financial insecurity. The pandemic, the UK's departure from the European Union and the conflict between Russia and Ukraine had resulted in widespread economic uncertainty. This uncertainty, along with the high rate of inflation we were experiencing, had focussed the Service on preparing business continuity plans for any potential financial challenges it may face.
- 5.3 The current year-only budget settlements and the added uncertainty of any annual pay awards, which are decided after the budget is agreed, adds to this challenging financial situation. In addition to these pressures, the Service also has the uncertainty of Suffolk's withdrawal from the Combined Fire Control. This will create circa a £1.2million budget gap that must be planned for. The withdrawal of Suffolk from the Combined Fire Control is currently planned for 31 December 2024.
- 5.4 In 2022, CFRS implemented service-wide financial business continuity planning and rated all potential savings from Impact 1 to 5. These impacts are detailed in Appendix 1. Both the professional support and the operational response reviews are combined to create the Financial Business Continuity Plan. It is important that the organisation prepares for this potential risk. It was agreed that the financial business continuity planning would continue on an annual basis to enable the Service to be able to respond rapidly to future funding challenges.
- 5.5 As part of the process, in 2022/23, the Service took all identified Impact 1 and 2 savings to meet the challenge of the higher than budgeted for pay award and the impacts of inflation. This equated to circa £163,000 ongoing savings and £130,000 one-off savings taken from the 2022/23 budget and a further £65,000 one-off savings taken from the 2023/24 budget.

- 5.6 At the time, no further budget reductions were required however where appropriate and where efficiencies had been identified, some further reductions at Impact 3 were made to enable reinvestment.
- 5.7 Financial business continuity planning has been conducted for the financial year 2024/25. This has identified that there are minimal savings to be taken at Impact 1 and 2. These would equate to £24,000 of Impact 1 savings and £62,000 of Impact 2 savings that could be taken over the next two years. There are limited funds remaining at this lower impact level due to amounts that we have removed in previous years. Although these are identified as lower level savings and may not impact our frontline service, they do impact our capacity to continue service improvement and bring additional challenges to many teams across the organisation. These savings would impact the speed at which we are able to achieve our Integrated Risk Management/Community Risk Management Plan (IRMP/CRMP) objectives.
- 5.8 Should there be a requirement to make any savings beyond this, we then reach into Impact 3 and 4 savings, which as per the description, begin to impact significantly upon our ability to deliver our IRMP/CRMP objectives and impacts service delivery to the public.
- 5.9 At this time we do not need to implement our financial business continuity plans however the budget gap created by Suffolk withdrawing from Combined Fire Control will if there are no changes made in the budget formula for 2025/26. If financial business continuity plans are required to meet this funding gap the impact to service delivery within Cambridgeshire will be at the significant Impact 3 and 4 level.

Source Documents

Service Financial Business Continuity Plan
Fire Authority Reports and Minutes - various

Location

SHQ
Hinchingsbrooke Cottage
Huntingdon

Contact Officer

Tamsin Mirfin
tamsin.mirfin@cambsfire.gov.uk