

## **10. Risk Implications of the Current Economic Downturn on the Fire & Rescue Authority**

### **Purpose of report**

1. This Report provides headline indicators, and our response, to the potential impacts of the current economic downturn on the Fire & Rescue Service.
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### **Recommendation:**

#### **2. *The Chief Fire Officer recommends:***

- i) That the Authority notes the contents of this Report, and*
- ii) Tasks the IRMP Working Group with keeping developments under review and incorporating any findings into future IRMP's.*

### **Background**

3. There has been much reporting of the credit crunch and the wider economic downturn in the UK and around the world. It is prudent for the Fire & Rescue Authority to consider the potential impact on the Service as part of our ongoing IRMP, business planning and corporate risk functions. This paper provides a headline report of the emerging issues and considerations.
4. CLG have commissioned a wider ranging report into the impact of the downturn on the FRS and this report is still awaited.

### **Strategic Headlines**

5. Some of the areas of consideration for future IRMP's include:
  - Impact of downturn in remote rural areas, focus on hard to reach communities may require additional resources within the Service
  - Potential town centre blight can increase the incidence of acquisitive crime including arson
  - Potential increase in economy related arson
  - Long term potential for public order incidents resulting in fire incident
  - Long term nature of the downturn and its effect on medium-term planning

- Increased pressure on the Authority to make efficiencies
- Government priorities may change as a result of the tighter fiscal environment
- Potential changes to Regional Spatial Strategies
- Capital programme may be affected by falling property or land prices
- Reduction in tax base impacting locally through the grant system
- Potential for deflation and impact on prices
- Unsure credit ratings for banks and impact on management of reserves and capital borrowing
- Impact of falling interest rates on reserves
- Fall in market value of recycling material may result in larger than usual stocks e.g. waste paper, plastics; could lead to higher fire risk
- Potential increase in organisational risk due to external/internal fraud
- Reduced ability to maintain income generation; i.e. external courses at Training and Development Centre
- Risk of failure of key suppliers
- Partnership activity scaled back by reduction in funding e.g. third sector engagement
- Some contracts may be exposed to the unpredictability of exchange rates
- Sustainability of central and local funding for flood relief schemes may result in flood risks remaining undiminished
- Fluctuations in fuel and utilities costs.

## **Operational Activity**

6. The Service has not yet experienced a rise in operational activity.

There are however strong historic links between an economic downturn and a rise in arson levels and in accidental fires. A decline in local business has the potential to generate insurance based arson, unoccupied premises are frequently targets for anti social behaviour and poverty in housing can lead to fires caused by a range of unsafe cooking and heating practices. When faced with financial difficulties, some enterprises will reduce time and expenditure on Health and Safety, including Fire Safety, which again leads to a rise in the number of fires.

**Current and Future Activity.**

7. The Service has worked with partners to review key strategic references for potential organisational risks, this includes Worcestershire and Herefordshire and Advantage West Midlands. We have been in touch with CIPFA and undertaken internal consultation with key managers. We have also researched other FRS responses.
8. We are monitoring trends in fire and arson, targeting regulatory fire safety and community safety work, further exploring the potential to work with a range of partners to identify opportunities to reduce impacts and to reduce our costs, our internal risk log has been updated, and we are developing a range of options to enable us to respond to future policy or financial challenges.

**Background papers**

None

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