

Cheshire Fire and Rescue Service Macro-Environmental Analysis (PESTLE)

A macro-environmental analysis is a useful tool for the Fire and Rescue Service (FRS) as it raises awareness of the strategic issues which are likely to have an impact on the Service over the short and medium term.

This PESTLE analysis has been segmented into six areas: political, economic, socio-cultural, technological, legal and environmental (PESTLE).

Political

A **potential change in national leadership** is a distinct possibility with a General Election likely to take place in early May or even prior to the parliamentary Easter recess. This will mean a change in policy direction, priorities and funding for the FRS. In the build up to a General Election, at a local level, this shift will see a greater emphasis on Conservative local policy and Conservative controlled councils not complying with national Labour policies.

Locally, the General Election will have an impact on the **composition of MPs within Cheshire changes**, since a number of MPs have either announced their intention to stand down or look likely to lose their seat.

The Shadow Chancellor has announced his intention to hold an **emergency budget** in the event of a Conservative victory at the General Election. This could have a significant impact on future funding of the Fire & Rescue Service and the wider public sector in general as the budget will seek to bring down the public spending deficit.

Both the Government and the Conservative Party have acknowledged the need to reduce the budget deficit through reducing public spending; with **cuts to departmental spending** in the region of 10%-20% being touted in recent months. It would be prudent for the FRS to prepare for cuts in spending and also to prepare for noticeably reduced funding from central Government. This is increasingly likely given Conservative commitments to protect spending on health and international development only and Government commitments to prioritise education spending.

Spending cuts will lead to the need to **transform methods of service delivery** in order to preserve outcomes and levels of service. This could mean introducing shared services agreements, increasing the use of partners in joint working initiatives or investigating potential outsourcing opportunities in order to reduce the cost of delivering services. Whilst back-office and support functions are clear targets for such initiatives, altering front-line service delivery cannot be ruled out.

The Conservatives have identified regional structures as an unnecessary tier of government and have pledged to devolve economic power from regional development agencies to local authorities and sub-regions or 'clusters'. In addition they also plan to remove housing and planning powers currently exercised by regional government. It is a possibility that should the Conservative Party form a Government after the next General Election, these policies could be implemented. In addition the Conservatives have pledged to **scale down the number of Quangos**, such as the Standards Board for England, and to introduce greater elected accountability where such checks do not currently exist. This could impact on the FRS, as bodies that it deals with, such as the Standards Board or the Fire Service College, face an uncertain future.

There is a continued and increased threat of **terrorism**, and it is thought that targets may now include those away from heavily populated areas and major centres of power. This has

resulted in increased tensions between local and national bodies due to increased expectations, the transfer of assets and issues of responsibility for planning and discharge of activity. Terrorism intelligence has also indicated that there is a higher risk of attacks using light aircraft or targeting transport hubs. Cheshire has a number of airfields and airports either within or surrounding the area and there are a number of potential targets within the county such as major energy and transport infrastructures. The occurrence of terrorism and other major incidents such as natural disasters abroad may require international assistance from UK FRS.

The recent outbreak of **Swine Flu** has highlighted that a flu pandemic still poses a high risk to UK infrastructure, and further waves of outbreaks are possible in the short term. A pandemic would have an impact on the number of operational and support staff available due to illness.

Economic

It is widely accepted that the economic situation in the United Kingdom (UK) remains extremely difficult. The UK has witnessed a rapid and substantial recession and economic slowdown. The response to the crisis in the banking sector has led the government to increase borrowing and raise public sector debt to record levels. In the medium to long term it is likely that the public sector will continue to feel the effects of the recession as the Government reduces funding and seeks efficiency savings.

The extent of the budget deficit has meant that **spending cuts** will have to be made in order to restore public finances. Spending cuts could occur as early as 2010 should the Conservative Party win the next General Election and introduce an emergency budget. Whilst the current Government has committed to honouring the current Comprehensive Spending Review (CSR), if it wins the next General Election spending cuts will be necessary after 2011 when the current CSR ends. Reduced spending will impact upon the FRS, as outlined above.

The Governments' need to reduce borrowing and the level of debt has led to an increased focus on public sector **efficiency targets**, with further savings targets of £5bn outlined in the 2009 Pre-Budget Report. Over the short to medium term, it is likely that there will be an increase in using efficiency targets to reduce public expenditure.

Additionally, there may be attempts to restrict increases on, or even reduce **council tax levels** in attempts to reduce costs. This could result in local authorities being requested to revisit previously agreed 3 year pay deals (as in the health and education sector), implement pay freezes or streamline staffing levels.

The recently launched **Total Place** initiative will be key to driving out efficiencies within local authority areas and contribute to changing methods of service delivery in order to preserve outcomes, such as shared services or joint working initiatives, as outlined above. Similar schemes are also being trialled by Conservative controlled councils and may form a national Conservative approach to local government.

In line with Conservative plans to devolve power from the regional to the local/sub-regional level, an incoming Conservative government would **transfer regional funding streams** to the sub-regional or 'cluster' level. This could potentially alter funding streams open to Cheshire Fire & Rescue Service (CFRS) and would transfer decision making ability over funding from a regional to a sub-regional level.

The current economic climate will mean it is likely that expenditure at all levels of the public sector will be open to increased levels of **public scrutiny** and forensic auditing. As

explained above, this has been highlighted by the 2009 OEP and Budget announcement and also through recent events. The recent furor over expense claims by Members of Parliament clearly demonstrates that public spending will become more tightly regulated and it is likely the effects of the scandals will wash down to local levels.

Aside from the national headlines, the recession has caused issues for economic **development projects** within the local area which could cause problems in the short term. The recession has affected the progress of some local projects with some being delayed or cancelled to due financial concerns from developers. There could potentially be an increased risk of fire or arson at these sites due to increased numbers of vacant premises.

Socio-cultural

In the short to medium term, the recession will influence socio-cultural behaviour as individuals' lifestyles and decisions may alter due to changes in their personal circumstances. This may extend to the medium term as it is shown from past experience that even if the economic situation improves quickly, improvements in unemployment may not become evident until a few years further into the future. CFRS will need to recognise priorities in areas such as community fire safety to mitigate potentially growing risks in different areas and prevent increases in fires and injuries as has occurred in previous years.

The recessionary climate will have a number of profound socio-cultural impacts. The number of people unemployed is currently at its highest level for 12 years and the **rate of unemployment** remains on the increase, though the rate of increase has slowed recently. It has been shown that unemployment is affecting younger workers and recent graduates more than any other group, with over one million under 25's recorded as unemployed. Past experiences show that unless preventative measures are put in place, the risk of arson and fire related incidents may increase in as unemployment increases.

The Government has introduced **schemes aimed at boosting employment**, such as an apprenticeship scheme for recent graduates aimed at improving their employability. In the current economic climate private organisations and also public sector organisations such as a FRS may see this as an economically prudent method of recruitment by tapping into schemes such as the recently launched Future Jobs Fund.

The recession, along with increased unemployment has lead to an increased number of people having their homes repossessed. This may lead to increased numbers of people living in **temporary or rented accommodation**, or in places such as hostels and Bed & Breakfasts. Ensuring the safety of these types of accommodation from fire could become increasingly important.

A prolonged depressed economic climate and increased unemployment could cause an increase in **fuel poverty** as households are unable to pay utility bills. This could lead to an increased risk of domestic fires and incidents as people seek unconventional methods of heating their homes in order to reduce their energy usage.

Coupled with increased unemployment, the deterioration of UK public finances resulting from the recession could lead to increased **volatility in fuel and energy prices**, as speculators and investors looks to commodities such as natural resources (gold, gas and oil) as opposed to buying Government gilts/bonds. There might also be a need for Government to boost income through increased taxation, possibly leading to the resumption of the petrol duty escalator. Both of these could lead to increasing fuel prices, which in turn could cause more incidences of fuel theft or individuals stockpiling fuel. This may lead to an increased risk of fire due to incorrect or irresponsible storage or use or through an increase in fuel poverty, as outlined above.

There is a possibility that should the economic situation not improve nor the rate of unemployment reduces, or the financial pressure on public sector organisations be sufficient enough, there could be an increased risk of strikes, **public disorder** or anti-social behaviour. This may lead to an increased risk of arson and fire related incidents.

There may also be an increased risk of arson and fire related incidents amongst the business community, whether through empty and unused or derelict business premises, or through individuals who wish to cause arson to disguise failing or **troubled businesses**. There may also be the potential for increased fire risks at business premises due to businesses diverting attention and funding from company health and safety policy and procedure to areas that may increase sales, profit or cash flow.

The recession has led to a **decrease in migration** into the UK, as people see the UK as a less attractive destination to work in. It has been reported that there has been a decrease in the number of Eastern European migrants entering the UK as a result of the recession and increasing unemployment.

Technological

Directly related to the Service, technological developments aim to improve the resilience of the service and its capacity to respond to major emergencies such as a terrorist attack, flooding or other serious incidents. In a wider sense, a more diverse range of media is available to use and it is likely that Government will encourage the use of such medium in communicating directly with the public.

A key milestone for **FiReControl** project was reached in the region recently when the Regional Control Centre (RCC) was opened in Warrington on 27 April 2009. The Government have recently announced a delay to the project, meaning the RCC will now go live in the North West on May 2012, 9 months later than originally planned (August 2011). The Conservatives initially pledged to abolish the RCC project, although it is likely that schemes will be allowed to progress where significant resources have already been dedicated to it and contractual agreements are in place.

The first phase of the **FireLink** installation (Phase A), the installation and connection of interim equipment to control rooms, is complete. In England, 96% of control rooms identified to be upgraded for extra resilience have been upgraded. The second phase of the project (Phase B), the installation of FireLink equipment to vehicles, is over 50% complete nationally.

The provision of **New Dimensions** equipment has enhanced the ability of the FRS to respond to major disruptive events involving chemical, biological, radiological and nuclear material collapsed or unstable structures, and large volumes of water, as seen during the floods of 2007. This has improved the resilience of FRS in dealing with an incident such as a terrorist attack or flooding.

This collaboration between the Department for Communities and Local Government (CLG) and the FRS has received funding for the next three years and a maintenance contract for the equipment has been agreed for the next sixteen years. The procurement of vehicles and equipment under **New Dimensions Grants** is now almost complete, and should provide a capability to respond to incidents such as flooding in accordance to the recommendations from the Pitt Review.

Technological advances enable a greater potential for the accessibility, storage and delivery of information through mobile devices such as USB sticks and flash drives. This

provides the Service with more flexibility, but increases the risk of significant and sensitive data loss.

Developments in technology also allow incidents to be recorded/broadcast through personal videos via mediums such as YouTube, or commented on in mediums such as Facebook or Twitter. Occurrences like this offer a **reputational risk** for the Service, as the person/people recording the incident may offer their own opinion, which may be picked up on by the media.

There have recently been attempts by Government and public bodies to **utilise the 'new media'** in connecting with the public. The use of social networking sites was seen as a factor in U.S. President Barack Obama's election victory in 2008. The Local Democracy, Economic Development and Construction Bill places a duty on local authorities to make available to the local electorate the facility to petition local authorities electronically. It is likely that there will be a continued drive for public bodies and services to use media such as the internet, blogging or video websites such as YouTube when consulting the local population.

Legal

Legislative developments in the near future and also recent Acts of Parliament highlight that the current political agenda is aimed at promoting greater accountability of government and the public sector, whilst ensuring equality and diversity. Please see Annex 1 of the PESTLE for a detailed listing of the Government's legislative programme.

The **Local Democracy, Economic Development and Construction Act** has recently passed through Parliament. The Act places a duty on local authorities to promote public involvement in local democracy by informing people of decision-making procedures and how to stand for office, which it is hoped will also promote understanding of local democratic bodies. The Act also places a duty on local authorities to respond to petitions raised by the local populace, which it is hoped will allow for greater public influence on decision making by local authorities and local public services. This could have an impact on CFRS in a number of areas, from proposed levels of council tax to proposing to relocate a fire station.

The **Equality Bill** is scheduled to be introduced as law in 2010, prior to the next General Election. This is meant to eradicate the gender pay gap where it exists by encouraging organisations to publish hourly pay rates of men and women. The use of positive action will be encouraged and public bodies will have a duty to take equality into account in decision-making. The Bill also introduces a duty on public bodies to consider reducing socio-economic inequality during planning and decision-making.

The **Flood and Water Management Bill** is currently progressing through Parliament. The Bill follows on from the Pitt Review in 2008 and aims to provide a clear management structure for dealing with flood risks and water safety. It was initially thought that the Fire & Rescue Service could be given a fully funded statutory duty to respond to flooding incidents, as recommended within the Pitt Review. However, debates during the passage of the Bill have indicated that the Government do not deem a statutory duty necessary for the Fire & Rescue Service. The Conservatives have said that they would only introduce a statutory duty if the national funding required for it could be guaranteed; therefore any change to the Governments' position in the short-term is unlikely.

The **Energy Bill** will enshrine carbon reduction methods such as carbon capture and storage into legislation. It will also ensure that energy suppliers increase the funding they provide to support vulnerable people in order for them to pay their energy bills. This will help tackle fuel poverty and could also help to reduce the risk of fire amongst individuals classed as being in fuel poverty, who are often amongst the most vulnerable groups in society.

Environmental

Key elements to the environmental landscape, both currently and in the future, are the attempts to ensure society is more efficient in its use of energy, and reducing its carbon footprint, whilst also responding to the threat of climate change.

The Government has requested that local authorities are to lead the **green agenda**, by meeting obligations such as zero carbon emission for new build non-domestic buildings by 2020, and by reducing vehicle emissions, consumption and waste and using sustainable materials. The Government aims this summer to consult on policy proposals regarding **zero carbon** non-domestic dwellings, with responses being published in 2010. There is every possibility that public and Government buildings will not be excluded from this obligation and consultation papers have made reference to hospitals and health centres, therefore CFRS will need to develop effective zero carbon strategies in time to meet this obligation.

Research conducted by the Met Office has indicated that the future trend of heat-wave occurrence is set to increase due to **climate change**. The current death rate from heat-waves could increase by as much as five times its current level over the next 70 years, particularly in major urban conurbations. A prolonged period of hot weather could have a significant impact on the safety of groups such as elderly people. There may also be an increased risk of fires in areas of woodland or grassland.

Conversely the impact of climate change does not necessarily rule out wet summers or heavy rainfall, but the impact of climate change will mean that weather events may become more extreme in their nature. This could lead to dry periods becoming heat-waves or wet periods leading to flooding. CFRS will need to be prepared to deal with the long term risk of heat-waves, drought and particularly **flooding**. Recent reports by the Environment Agency have highlighted that annual funding for flood protection will need to double by 2035, simply to maintain a similar level of protection to today. Additionally, the increased occurrences and severity of extreme weather due to climate change will pose an increasing risk to the resilience of the UK national infrastructure.

Whilst it does not appear that the Fire & Rescue Service will be given a statutory duty to respond to flooding under the Flood and Water Management Bill, it will still **need to liaise closely with lead agencies** such as unitary/upper-tier authorities and the Environment Agency in order to ensure a cohesive and effective response to flooding incidents.

Annex 1 – Legislative & Draft Legislative Programme 2009/10.

Below is the Government's legislative programme in full, split between Bills that will be put before Parliament (i.e. intended to become legislation) and also draft Bills which will be open to pre-legislative scrutiny over the next Parliamentary session.

Legislation

Bribery Bill
Child Poverty Bill
Children, Schools and Families Bill
Cluster Munitions (Prohibitions) Bill
Constitutional Reform and Governance Bill
Crime and Security Bill
Digital Economy Bill
Energy Bill
Equality Bill
Financial Services Bill
Fiscal Responsibility Bill
Flood and Water Management Bill
Northern Ireland Assembly Bill
Personal Care At Home Bill
Video Recordings Bill

Draft Legislation

Animal Health Responsibility and Cost Sharing Draft Bill
Civil Law Reform Draft Bill
Draft Antarctic Bill
Draft Immigration Simplification Bill
Draft House of Lords Reform Bill
International Development Spending Draft Bill