Shropshire and Wrekin Fire and Rescue Authority

Audit and Performance Management Committee

29 January 2015

**Shropshire Fire Risk Management Services Ltd.**

**Performance Reporting**

For further information about this report please contact Martin Timmis, Company Manager, Shropshire Fire Risk Management Services, on 07967 465817.

1. Purpose of Report

This report provides information on the performance of the Fire Authority controlled company, Shropshire Fire Risk Management Services Ltd.

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|  | Recommendations  The Committee is asked to:   1. Note the report; and 2. Agree, in closed session, the performance measures put forward in the revised Business Plan, attached at exempt paper 12c. |

1. Background

In April 2013 the Fire Authority agreed to establish a local authority controlled company, to be known as Shropshire Fire Risk Management Services Ltd. (SFRMS).

Subsequently (in September 2013), the Fire Authority agreed that the company should report quarterly to the Audit and Performance Management Committee, with the first twelve months’ performance being measured against the company’s first year Business Plan. Future performance indicators would be decided by the Committee.

The purpose of reporting is to provide an opportunity for the Fire Authority to assure itself that the financial affairs of the company are in order and to enable the tracking of profitability and business growth.

Financial Statements and Performance Information and Commentary are set out in exempt papers 12a and 12b respectively for consideration by the Committee in closed session.

1. Review of Business Plan

The revised Business Plan, see exempt paper 12c, was approved by the Board of Directors at its December meeting. The Plan incorporates a suite of challenging new performance measures and sets out the relationship between the Fire Authority, the Fire and Rescue Service, the Board and the Business Plan.

The performance measures are derived from out-turns from Year 1 trading and increasing experience of what can be achieved in the short and medium term. Initial measures around customer volume and retention will remain as previously (50 new customers in year 1 then 100 per year thereafter, plus 100% retention).

The Committee is asked, in closed session, to consider and decide upon the performance measures set out in the Business Plan (exempt paper 12c).

1. Fire Industry Association Complaint

In February 2014 the Fire Industry Association (FIA) submitted a complaint to the European Commission, alleging that the UK Government is in breach of European Union state aid rules. FIA contends that the use of the fire service ‘brand’ by fire and rescue service trading companies constitutes state aid. FIA included Shropshire and Wrekin Fire Authority’s company in the list of companies, which, it alleged, were receiving such state aid.

The challenge is unlikely to be resolved in the near future. Officers remain confident, however, that SFRMS is operating in an appropriate manner at arm’s length from the Service and that state-aid rules have not been abused.

On 22 December 2014 the Department for Communities and Local Government wrote to those fire authorities operating a trading subsidiary to propose establishing a de minimis defence to FIA’s challenge for submission to the European Commission. The Chief Fire Officers Association is currently co-ordinating the response of the various fire authorities to that proposal. A further update will be provided at the Committee’s meeting on 29 January and officers will continue to keep Members informed of developments as they arise.

1. Financial Implications

There are no financial implications arising directly from this report, which contains historical data relating to the company’s performance.

1. Legal Comment

There are no legal implications arising directly from this report.

1. Initial Impact Assessment

As this report contains only historical data an Initial Impact Assessment has not been completed.

1. Equality Impact Assessment

There are no equality or diversity implications arising from this report. An Equality Impact Assessment is not, therefore, required.

1. Appendices

Exempt papers – Shropshire Fire Risk Management Services Ltd:

**12a** – 2014/15 Financial Statements

**12b** – Performance Information and Commentary

**12c** – Revised Business Plan

1. Background Papers

There are no background papers associated with this report.