

## Shropshire Fire Risk Management Services Ltd. Performance Reporting

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### 1 Purpose of Report

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

### 2 Recommendations

The Committee is asked to:

- a) Note the report; and
- b) Agree and recommend to the Fire Authority the approach of officers to the complaint made by the Fire Industries Association.

### 3 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).

In September 2013 the Fire Authority agreed that the company should report quarterly to the Audit and Performance Management Committee, with performance being measured against the targets set out within the Business Plan.

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 18a and 18b respectively for consideration by the Committee in closed session.

## **4 Review of Business Plan**

In December 2014 the company Board agreed a revised Business Plan, which included challenging new performance targets. At its January meeting, the Committee agreed to recommend the revised Business Plan to the Fire Authority. The latter met in February and agreed the revised Plan without amendment.

The latest performance targets are set out in paper 18b.

## **5 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.

In a letter sent to the European Commission in February 2015 the Department for Communities and Local Government continued to maintain that state aid has not been granted. There is, however, still some debate as to whether any level of state aid, which may have been granted, falls below the de minimis threshold; or whether fire and rescue authorities wish to submit any further information to support the view that there could be no aid because the activities of the trading subsidiaries are purely ancillary to their non-economic activity.

A number of the fire authorities / companies included in the FIA's complaint have agreed jointly to seek, and pay for, counsel's opinion on the matter. Officers of this Authority have not, however, participated, primarily because they are of the view that this Authority has not provided any subsidy to Shropshire Fire Risk Management Services Ltd. The company does not use the Fire Service 'brand', having its own discrete logo, and it pays for office space and all other resources provided to it by the Service. The situation is not as clear cut with the other authorities / companies listed in the complaint.

The Committee is asked to endorse, and to recommend that the Fire Authority agree, this approach adopted by officers. The Committee and Fire Authority will be kept informed of any developments relating to the challenge as they occur.

## **6 Financial Implications**

There are no financial implications arising directly from this report.

## **7 Legal Comment**

There are no legal implications arising directly from this report.

## **8 Initial Impact Assessment**

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

## **9 Equality Impact Assessment**

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

## **10 Appendices**

Exempt papers – Shropshire Fire Risk Management Services Ltd:

**18a** 2014/15 Financial Statements

**18b** Performance Information and Commentary

## **11 Background Papers**

There are no background papers associated with this report.