

Shropshire Fire Risk Management Services

Report of the Chief Fire Officer

For further information about this report please contact John Redmond, Chief Fire Officer, on 01743 260201.

1 Purpose of Report

This report provides an update on the progress made by the Fire Authority controlled company, Shropshire Fire Risk Management Services.

2 Recommendations

The Fire Authority is asked to:

- a) Note the progress made by Shropshire Fire Risk Management Services; and
- b) Decide what reporting procedures it requires from the company.

3 Background

At its meeting in April 2013 the Fire Authority agreed to establish a local authority controlled company, to be known as Shropshire Fire Risk Management Services (the company). This report provides an update on progress and asks Members to consider the reporting procedures for the company.

4 Commencement of Trading

The Board of Directors of the company held its inaugural meeting on 17 July 2013, at which it considered a number of issues to ensure that the company was in a position to commence trading. Having satisfied itself that the company was in such a position, the Board agreed that trading should commence from that date.

The Fire Authority had delegated authority to the Chief Fire Officer, Treasurer, Monitoring Officer and Head of Finance jointly to agree the start-up date of the company. Following the close of the board meeting these officers agreed that the company should commence trading with effect from 17 July 2013.

5 Loan Agreement

At its April 2013 meeting the Fire Authority also resolved to provide a start-up loan to the company limited to £20,000. The Board of Directors, at its July meeting, agreed that the Chair of the Fire Authority (who does not sit on the board) should be approached to sanction release of the loan.

An agreement relating to the loan from the Fire Authority to the company has now been drawn up and approved by the Treasurer. The Chair of the Fire Authority has confirmed his agreement to the release of the loan.

6 Reporting Procedures

The Company Business Case and Outline Business Plan (as agreed by the Fire Authority) states that officers will report the company's financial position quarterly to the Board of Directors and that the Chair of the Board will reflect this information back to the Fire Authority at appropriate intervals. This will provide an opportunity for the Fire Authority to assure itself that the financial affairs of the company are in order and enable the tracking of profitability and business growth.

Although the Board of Directors has not yet agreed how performance of the company should be monitored, the following indicators were suggested in the Business Plan:

- Pre-tax profitability
- Performance against financial predictions
- Number of new customers
- Number of retained customers (beyond Year 1)
- Number or percentage of tenders won
- Value of tenders won
- Number of complaints received / upheld
- Number of compliments received
- Website "hits"
- New business from recommendation
- Positive quality feedback forms (from training courses, premises visits)
- Continued reduction in business fires (linked to Fire Service targets)

The Fire Authority is now asked to consider and decide upon the reporting procedures for the company, including:

- Should the company report direct to the Fire Authority or to one of its Committees?
If the latter, then the Audit and Performance Management Committee would seem to be the most appropriate.
- What should be the frequency of reports?
Other performance monitoring reports are taken quarterly to the Audit and Performance Management Committee.
- What form should the reports take?
If they are based on the indicators set out above, it might be prudent to test the ease of production and robustness of the figures initially, before making a final decision.

The Treasurer has suggested that the following be included:

- Profiled spend / profit to date and performance against that
- Cash position on a daily basis on a rolling twelve months in graph form, demonstrating viability of the company

It should be pointed out that some performance monitoring information may be commercially sensitive, in which case it would be exempt and considered in closed session.

7 Dispensations

Members of the board of directors, namely Councillors Barrow, Hartin, Kiernan, Mellings and Minnery, applied to the Standards Committee for dispensations to enable them to participate in debate concerning the company at Fire Authority meetings.

At its meeting on 4 September the Standards Committee considered and granted their applications. The directors are, therefore, able to remain in the meeting room and participate in the debate, when business relating to the company is considered at Fire Authority meetings, unless their doing so would amount to a conflict of interest or bias in decision making.

8 Financial Implications

The limit of liability of the Fire Authority is the non-repayment of any loan advance made.

No assumed financial benefit of the company has been built into financial plans of the Fire Authority, but it has been assumed that that there will be no adverse impact or investment by the Fire Authority in the company, beyond the offer of a loan (limited to £20,000).

9 Legal Comment

Financial assistance for the start up of the company has been provided by the Authority by way of a Facility under a formal loan agreement on commercially comparable terms in line with previous legal recommendations.

The Members of the Authority who have been appointed directors of the company have the powers and duties of company directors while they are appointed directors, and as such are answerable to the membership of the company in accordance with the company's articles of association. In dealing with company matters they have a fiduciary duty to the company, not to the Authority.

However, any Member elected as a director is still bound by relevant Authority codes of conduct, in so far as these codes do not conflict with their legal obligations under company law.

In light of the dispensations granted Members of the Authority who are appointed directors of the company must carefully consider their position when dealing with company business at Authority meetings in line with previous advice given.

Given that a company director may incur personal liability and that the directors of the company are Authority Members, it is recommended that the Authority ask the company to explore the possibility of obtaining insurance in relation to their directors liabilities so as to provide the Authority with adequate indemnities.

10 Initial Impact Assessment

An Initial Impact Assessment has been completed.

11 Appendices

There are no appendices attached to this report.

12 Background Papers

Shropshire and Wrekin Fire Authority 24 April 2013
Report 13 Commercial Trading

Paper 15 **Exempt** Commercial Trading – Business Case and Outline
Business Plan 2013