

**ESSEX POLICE, FIRE AND CRIME COMMISSIONER**  
**FIRE & RESCUE AUTHORITY**  
 Essex County Fire & Rescue Service



<b>Meeting</b>	<b>Performance and Resource Board</b>	Agenda Item	6
<b>Meeting Date</b>	29 January 2018	Report Number	
<b>Report Author:</b>	Charles Garbett, Temporary Finance Director		
<b>Presented By</b>	Charles Garbett, Temporary Finance Director		
<b>Subject</b>	<b>EFA Trading Ltd (EFAT)</b>		
<b>Type of Report:</b>	Decision		

**RECOMMENDATIONS**

1. The Board is asked to agree that a project team be established to review the current arrangements and determine the future status, objects and structure of EFAT in the light of joint governance arrangements of Police and Fire.
2. The Project Team to consist of:
  - a. Temporary F&R Finance Director (Chair)
  - b. Director of Transformation and Change
  - c. Collaboration Programme Lead
  - d. Head of Drones
  - e. Essex Force Solicitor
  - f. Deputy Director of Finance – F&R Service
  - g. Head of Performance & Scrutiny – F&R Service
  - h. Project Research Analyst
3. The Project Team to report back to the March meeting of this Board on progress made.

**BACKGROUND**

4. The existing powers for the PFCC to trade are provided for under a statutory instrument the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009, this allows for any Fire and Rescue Authority created under

either a combination order under the 1947 Act , or the 2004 Act to trade. Schedule 1 to the Policing and Crime Act extends the 2004 Act to include Police, Fire and Crime Commissioners.

5. The PFCC is the sole shareholder in EFAT and holds 94,100 shares with a nominal value of £1 in the company. At 31 March 2017 the company had net assets of £79k with a turnover for 2016-17 of £655k. For this financial year £40k was gift aided through Essex Community Foundation.
6. At present the Articles for EFAT prescribe a minimum of three Directors, two of whom shall be A (Member) Directors and one of whom shall be B (Officer) directors. An Officer Director is required to be present for the Board to be quorate.
7. There is an opportunity to review the status, objects and structure of EFA

### **PROPOSAL TO CONVERT TO A COMMUNITY INTEREST COMPANY CIC)**

8. The main area of change considered by the former EFA is around the status of the company. There is a business case to support the change in the company to a CIC. Such a change would require changes to the Memorandum and Articles of Association.
9. CICs post-date the formation of EFAT and have been adopted by a number of fire and rescue services for their trading activities. The key benefit is that profits can be applied directly to the community interest defined for the company, and that external charitable funding can also be sought to support projects related to the community interest. Companies such as EFAT that are limited by shares can apply to be re-registered as a community interest company.
10. There are a number of key features of a CIC that need to be fully understood, for example the 'asset-lock', which ensures that the assets of the CIC are used for the benefit of the community.
11. A recent review of EFAT was included within the remit of RSM when undertaking their due diligence work for the PFCC for the transfer to joint governance arrangements from 1<sup>st</sup> October 2017. The table below summarises the recommendations in the review and proposed treatment proposed by the former Director of Finance and Treasurer during 2018-19.

<b>Recommendation</b>	<b>Proposed Treatment</b>
Retain EFA (Trading) Ltd and its operations	Ask EFAT Board to submit 2018/19 budget for review.
Consider a review of cross-charges to the entity	Ask EFAT Board to submit 2018/19 budget for review.
Review risks to EFA (trading) and the Authority of reputational damage and legal exposure	Consider as part of review of risk register.

## **COMMUNITY DEVELOPMENT BUSINESS CASE**

12. The creation of a Community Interest Company (CIC) formed part of a Business Case prepared for ECFRS around one year ago. The proposal was to increase the competitiveness of the Community Development Team and increase significantly the level of funds available from governmental and charitable organisations. The increase in the number and range of funding streams, including grants and donations that a company limited by shares may not have access to is also a potential advantage.
13. Projected income from commercial Firebreak course, training and related courses are forecast to generate, subject to due diligence, additional revenues well in excess of £1m within 3 years.
14. The projected growth of Firebreak courses and scope to include this activity within the remit of the CIC needs to be explored.

## **DRONES**

15. A Joint Business Case for the Police/Fire use of drones is currently being considered by the Chief Constable. Depending upon the outcome of this business case there may be potential to extend the remit of EFAT to incorporate activities associated with the use of drones.
16. There are two broad options that may be considered for joint blue light business use of drones:
  - a. A collaborative model for shared operational use.
  - b. A company model for overall governance arrangements

## **BENEFITS AND RISK IMPLICATIONS**

17. There is an opportunity to restructure EFAT and review its governance and scope of operations. The respective strategic and operational risks of each option will be incorporated.

## **FINANCIAL IMPLICATIONS**

18. The above approach can be largely carried out within existing resources. The costs of additional external consultancy support or professional advice necessary will be subject to further consideration by the PFCC.

## **EQUALITY AND DIVERSITY IMPLICATIONS**

19. None

## **WORKFORCE ENGAGEMENT**

20. This report has only been shared with senior managers.

## **LEGAL IMPLICATIONS**

21. None