

Status of Report:

Public

Agenda Item:

8

Meeting: Combined Fire Authority

Date: 29th September 2016

Subject: Urgent Action Procedure

Report by: The Chief Fire and Rescue Officer

Author: Adam Stretton (Area Manager Finance and ICT)

For: For Information Only

1. Purpose

The purpose of this report is to advise the Combined Fire Authority (CFA) of two member-reserved decisions made by the Chief Fire and Rescue Officer (CFO) under the Urgent Action Procedure (UAP).

2. Executive Summary

The CFO is empowered under the Constitution to take any action between meetings which he considers to be urgent in consultation with the Chair and Group Leaders subject to reporting the action to the next meeting of the CFA. The UAP was used to advise the CFA of the appointment of three new directors to Forge Health Limited and to meet the deadline submission date of a DCLG consultation.

3. Report Detail

Appointment of Directors to Forge Health Limited – 29th June 2016

3.1 Following the removal of two senior management posts in September 2015 and the retirement of the previous Chief Fire Officer in May 2016, Forge Health Limited was left in a position where it had no named directors. Given the changes to the management structure it was necessary for three new directors to be appointed and it was agreed that the following assume director roles for Forge Health Limited:

- Steve Lunn (Chief Fire Officer);
- Andrew Brodie (Assistant Chief Fire Officer); and
- Adam Stretton (Area Manager Finance and ICT)

3.2 The Directors of the Company have agreed the 2015/16 Statement of Accounts for Forge Health Limited and a signed copy is attached as the **Appendix 1**.

CFA response to DCLG Consultation on Business Rates Retention

3.3 A letter of response in relation to consultation about business rates retention considerations has been agreed and submitted to DCLG on behalf of the fire

authority. A copy of the response is attached at **Appendix 2** and is self-explanatory.

- 3.4 The UAP was used as decisions on both occasions could not wait until the next scheduled CFA meeting. In respect of Forge Health Ltd and in accordance with its registration, it is a legal requirement for the company to be overseen by at least one named director. The consultation response to DCLG had a deadline submission date of 26th September 2016.

4. Report Implications / Impact

4.1 *Legal (including crime and disorder)*

These were considered during the use of the UAP.

4.2 *Financial (including value for money, benefits and efficiencies)*

These were considered during the use of the UAP.

4.3 *Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)*

These were considered during the use of the UAP.

4.4 *Staff, Service Users and Stakeholders (including the Equality Impact Assessment)*

These were considered during the use of the UAP.

4.5 *Environmental*

None.

4.6 *Impact upon Our Plan Objectives*

These were considered during the use of the UAP.

5. Recommendations

The CFA is asked to note the report.

6. Background Papers

Papers prepared under the UAP.

7. Appendices

- a) Forge Health Limited Statement of Accounts 2015/16.
- b) Business Rates Consultation Response to DCLG

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FORGE HEALTH LIMITED

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS

PERIOD 1st APRIL 2015 TO 31st MARCH 2016

Directors' report for the year ended 31st March 2016

The Directors present their annual report and financial statements for the year ended 31st March 2016. In preparing these statements the Directors have exercised the options available to a small sized company under the Companies Act 2006 and therefore the Company is exempt from the requirement to appoint an auditor or to present audited accounts.

Statement of Directors' responsibilities for Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Principal activities

The Company is a company limited by shares which is wholly owned by Leicester, Leicestershire and Rutland Combined Fire Authority (CFA) and is a controlled company for the purposes of the Local Authorities (Companies) Order 1995.

The Company provides Occupational Health Services to public and private sector bodies. The Company employs no members of staff but instead uses the CFA's staff (for which it pays a fee) and independent contractors to deliver its services.

The Company operates from the CFA's Occupational Health Unit on the site of Wigston Fire Station.

Review of Business and Future Developments

The Company has been able to increase traded income for a third successive year, rising from £188,166 in 2014/15 to £206,478 in 2015/16. This is mainly due to a stabilisation of the market place and the hard work of the Occupational Health Manager employed by the parent body in engaging with existing and new customers. The level of fees charged will be increased by the rate of the Consumers Pricing Index (CPI) on an annual basis.

The Company has registered for the SEQOHS (Safe Effective Quality Occupational Health Service) accreditation process and submissions are due in the forthcoming year. A formal business plan for the next three years of trading has been established. This

identified a number of aims and objectives, which along with investment opportunities will increase turnover and profitability in the future period. The implementation of the recommendations is on hold, pending a strategic review of the delivery of Occupational Health Services by the parent body. This is due for completion in July 2016. The Company continues to aim to offer a premium service at an affordable cost.

Fair Review of the Performance of the Business

The Company received funding from its trading activities that generated a profit before tax of £65,982.68

Principal Risks and Uncertainties

The current economic climate will continue to impact upon the business as employers look to cut their costs. The Company's business model is such that any adverse impact can be managed without any long term detriment to the viability of the Company.

Results

The profit for the year and appropriation thereof are set out in the Profit and Loss Account on page 4.

Dividends

Dividends of £52,786.14 are proposed and payable for the year ended 31st March 2016.

Books of Account

The Directors are aware of their responsibilities under Section 386 of the Companies Act 2006 to maintain proper books of account. They discharge this responsibility by ensuring that adequate Company resources are allocated to the task. The books of account are kept at:

Leicestershire Fire and Rescue Service
Headquarters
12 Geoff Monk Way
Birstall
Leicester
LE4 3BU

Directors:

The Directors of the Company who have held office during the period 1st April 2015 to 31st March 2016 are set out below:

<u>Name</u>	<u>Date of Appointment</u>	<u>Date of resignation / removal</u>
David Michael Webb	12/03/09	29/04/15
Trevor David Peel	12/03/09	31/07/15
Richard John Chandler	29/04/15	31/05/16

Company Secretaries:

<u>Name</u>	<u>Date of Appointment</u>	<u>Date of resignation / removal</u>
No appointment		

At the time of the signing of the accounts, the sole remaining Director of the Company; Richard John Chandler, resigned as of the 31st May 2016. The following Directors' were appointed from the 1st June 2016:

<u>Name</u>	<u>Date of Appointment</u>	<u>Date of resignation / removal</u>
Steven Kenneth Lunn	01/06/16	
Andrew Donald Brodie	01/06/16	
Adam Lee Stretton	01/06/16	

Interests of Directors and Secretary in Shares of the Company:

The Directors who held office for the period April 2015 to March 2016, had no interests nor shares in, (or debentures or loan stock of), the Company.

Transactions Involving Directors:

There are no transactions involving Directors to report.

Political and Charitable Contributions

There were no political or charitable contributions during the period ending 31st March 2016.

On behalf of the Board:



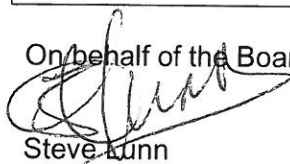
Steve Lunn
Director

Date: 6/7/16

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2016

	Note	Apr 2013 – Mar 2014	Apr 2014 – Mar 2015	Apr 2015 – Mar 2016
		£	£	£
Turnover		171,416	188,166	206,478
Administrative Expenses	1	<u>91,108</u>	<u>141,003</u>	<u>140,495</u>
Operating Profit – continuing operations		80,308	47,163	65,983
Net profit on sale of properties in continuing operations		0	0	0
Profit on ordinary activities before interest:		80,308	47,163	65,983
Investment Income		0	0	0
Interest payable and similar charges		<u>0</u>	<u>0</u>	<u>0</u>
Profit on ordinary activities before taxation		80,308	47,163	65,983
Tax on profit on ordinary activities		<u>(16,062)</u>	<u>(9,433)</u>	<u>(13,197)</u>
Profit for the accounting period		64,246	37,730	52,786
Dividends on non-equity shares paid				
Additional finance cost of non-equity shares				
Dividends on equity shares:				
Paid		(64,246)	(37,730)	
Proposed				(52,786)
Retained profit for the financial year attributable to equity shareholders		0	0	0
Statement of Movement in Retained Profits				
Balance at beginning of year		0	0	0
Retained profit for the financial year attributable to equity shareholders		0	0	0
Reserve Movements		0	0	0
Profit and Loss Account at End of Year		0	0	0

On behalf of the Board:



Steve Lunn

Director

Date: 6/7/16

BALANCE SHEET AT 31st MARCH 2016

	Note	Apr 2013 – Mar 2014 £	Apr 2014 – Mar 2015 £	Apr 2015 – Mar 2016 £
Long Term Assets				
Tangible assets		0	0	0
Financial assets		0	0	0
Current Assets				
Stocks		0	0	0
Debtors	5	19,131	10,599	4,845
Cash at bank and in hand	8	61,177	51,662	61,138
Creditors: amounts falling due within one year	6	(80,308)	(62,261)	(65,983)
Net Assets		0	0	0
Total assets less current liabilities		0	0	0
Creditors: amounts falling due after more than one year	7	0	0	0
Provisions for liabilities and charges		0	0	0
Net assets		0	0	0
Capital and Reserves				
Called up share capital		0	0	0
Share premium account		0	0	0
Revaluation reserve		0	0	0
Profit and loss account		0	0	0
Shareholders funds				
Equity		0	0	0
Non-equity		0	0	0

For the year ending 31st March 2016, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006. The members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006. The Director's acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

On behalf of the Board:

Steve Lunn

Director

Date:

6/7/16

Notes to the Financial Statements for the Year Ended 31st March 2016

Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of Preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (2007).

Non-current Assets

All expenditure on the acquisition, creation or improvement of Property, Plant and Equipment is capitalised on an accruals basis, provided it is probable that the future economic benefits or Company potential associated with the item will flow to the Company and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential (i.e. repairs and maintenance) or is under a £5k de-minimus limit is charged as an expense when it is incurred. Only assets that are directly owned and purchased by the Company will be reported on the Balance sheet and be subject to revaluations and depreciation.

There is no depreciation or amortisation charged in the year of addition, unless the value is deemed material to the accounts, but a full year's depreciation or amortisation is charged in the year of disposal.

Non-current assets are valued in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). The bases of valuation of the various categories of assets are as follows:

Land and Operational Buildings – current value, determined as the amount that would be paid for the asset in its existing use (EUV), or where, due to the specialised nature of the asset this could not be assessed, at depreciated replacement cost.

Vehicles, Plant and Equipment – current value, determined as the amount that would be paid for the asset under EUV.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

Intangible Assets – Intangible assets are assets that do not have physical substance, e.g. software licences and valuation is based upon amortised historical cost for all assets with an original cost in excess of £10k over a period up to five years.

There is no Non-current or Intangible Assets owned by the Company for the period ending 31st March 2016.

Accruals of Income and Expenditure

The Profit and Loss accounts of the Company are maintained on an accruals basis, thus activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

The necessity for a provision for doubtful debts is considered every year. As at the 31st March 2016 no provision has been made as there are no material debts considered to have the potential to become unrecoverable.

Corporation Tax

Taxes on profits are charged to the profit and loss account in the year in which it relates.

Dividends

Dividends payable are charged to the profit and loss account in the year in which it relates.

Reserves

There are currently no earmarked reserves to finance future expenditure.

Additional Notes

1. The table below provides a detailed analysis of actual expenditure and income for the period ended 31st March 2016:

	Apr 2013 – Mar 2014 £	Apr 2014 – Mar 2015 £	Apr 2015 – Mar 2016 £
Staffing Salaries			
Salaries, National Insurance and Pension	39,769	51,959	47,098
Subtotal Staffing	39,769	51,959	47,098
Indirect Employee Expenses:			
Professional Development and Training	0	0	0
Subtotal Indirect Employee Expenses	0	0	0
Premises:			
Building Maintenance	446	509	1,216
Rates	874	893	893
Utilities (Electric, Gas and Water)	499	553	660
Cleaning	986	687	1,056
Refuse	76	77	81
Subtotal Premises	2,881	2,719	3,906
Transport			
Public Transport	128	44	182
Essential and Casual User	370	186	224
Subtotal Transport	498	230	406

Supplies and Services			
Operational Equipment (Medical)	1,273	9,235	9,295
IT Equipment and Consumables	2,549	2,926	2,621
Telephones	668	868	806
Printing and Photocopying	219	0	0
Stationery and Postage	391	347	311
Doctors' Remuneration	36,529	68,604	71,482
Medical Fees and Equipment	6,188	2,878	4,224
Other	143	1,237	346
Subtotal Supplies and Services	47,960	86,095	89,085
TOTAL COSTS	91,108	141,003	140,495
Income:			
Sales Income	-72,991	-68,521	-89,485
Contract Income	-98,425	-119,645	-116,993
Subtotal Income	-171,416	-188,166	-206,478
PROFIT BEFORE TAX	-80,308	-47,163	-65,983

2. Leases

Forge Health Ltd has no responsibility for the payment of leases.

3. Related Parties

For the period ended 31st March 2016 the dividend payable to the parent body 'Leicester, Leicestershire and Rutland Combined Fire Authority' is £52,786.14

4. Employees and Remuneration

There were no persons directly employed by the Company in this accounting period. Employees of Leicestershire Fire and Rescue Service, in several posts within Occupational Health Services, do work on behalf of the Company over the year and a recharge is calculated. For 2015/16 this equated to £47,098

5. Debtors: Amounts falling due within one year

	Apr – Mar 2014 £	Apr – Mar 2015 £	Apr – Mar 2016 £
Trade Debtors	19,131	10,599	4,845
Other debtors	0	0	0
Prepayments and accrued income - Insurance	0	0	0
Total	19,131	10,599	4,845

6. Creditors: Amounts Falling Due Within One Year

	Apr – Mar 2014 £	Apr – Mar 2015 £	Apr – Mar 2016 £
Trade Creditors	0	15,098	0
Dividends	64,246	37,730	52,786
Corporation Tax	16,062	9,433	13,197
Total	80,308	62,261	65,983

7. Creditors: Amounts Falling Due After More Than One Year

	Apr – Mar 2014 £	Apr – Mar 2015 £	Apr – Mar 2016 £
Loans	0	0	0
Advance Corporation Tax	0	0	0
Total	0	0	0

8. Cash:

	Apr – Mar 2014 £	Apr – Mar 2015 £	Apr – Mar 2016 £
Cash Balance at 31 st March 2014 / 31 st March 2015 brought forward	23,234	61,177	51,662
Reverse 31 st March 2014 / 31 st March 2015 Trade Creditors	(41,538)	(80,308)	(62,261)
Reverse 31 st March 2014 / 31 st March 2015 Trade Debtors	18,304	19,131	10,599
Sub-total Balance brought forward from 31st March 2014 / 31st March 2015	0	0	0
Total Actual Expenditure to 31 st March 2014 / 31 st March 2015 / 31 st March 2016	(171,416)	(188,166)	(206,478)
Add Trade Creditors	80,308	62,261	65,983
Less Debtors	(19,131)	(10,599)	(4,845)
Net Cash Expenditure	(110,239)	(136,504)	(145,340)
Sales	171,416	188,166	206,478
Total Cash Income	171,416	188,166	206,478
Cash Balance at 31st March 2014 / 31st March 2015 / 31st March 2016	61,177	51,662	61,138

9. Contingent Liabilities

There are no contingent liabilities to report.



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protecting our communities

Our Ref: 13846MNCAP
 Your Ref:
 Please ask for:
 Date: 21st September 2016

Business Rates Retention Consultation,
 Local Government Finance,
 Department for Communities and Local Government,
 2nd Floor, Fry Building,
 2 Marsham Street,
 London
 SW1P 4DF

Dear Sir/Madam,

Self Sufficient Local Government: 100% Business Rates Retention

Thank you for the opportunity to respond to the above consultation. I am responding on behalf of the Leicester, Leicestershire and Rutland Combined Fire Authority, and am restricting comments to question 13:-

“Do you consider that fire funding should be removed from the business rates retention scheme, and what might be the advantages and disadvantages of this approach?”

The Authority supports the proposal to remove fire funding from the business rates retention scheme.

One of the key reasons for devolving business rates to local authorities is the promotion of economic regeneration – the more effective local government is at growing its rates base, the more funds it is able to generate. Thus, the system provides an incentive effect.

Whilst the fire service has a role through partnership working (and is, for instance, a member of the Leicestershire business rates pool), the links between our core business and economic regeneration are remote. I do not, therefore, believe that any direct incentive arises through in funding the fire service from business rates.

Additionally, funding through the business rates retention system creates an additional layer of complexity:-

- (a) The fire service needs to collate and co-ordinate rates forecasts from (in our case, 9) individual billing authorities;
- (b) The service does not have the ability to assess the risks to the forecasts in the same way that the billing authorities do;
- (c) The service bears appeals risk across a range of authorities, each of which may have approached the making of provisions in a different way.

In supporting this proposal, however, I do have a concern that the service will remain dependent on central government allocations. I would welcome some assurance please that this would not leave fire authorities subject to the risk of grant cuts to meet national economic requirements, in a way which remaining part of the business rates retention system would not.

Yours faithfully,

Nicholas Rushton
Chair
Leicester, Leicestershire and Rutland Combined Fire Authority