

# DEVON & SOMERSET FIRE & RESCUE AUTHORITY



<b>REPORT REFERENCE NO.</b>	<b>CSCPC/12/3</b>
<b>MEETING</b>	<b>COMMUNITY SAFETY &amp; CORPORATE PLANNING COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>5 October 2012</b>
<b>SUBJECT OF REPORT</b>	<b>ESTABLISHMENT OF A CHARITABLE ARM</b>
<b>LEAD OFFICER</b>	<b>DIRECTOR OF SERVICE SUPPORT</b>
<b>RECOMMENDATIONS</b>	<p><i>That the Fire &amp; Rescue Authority be recommended to approve:</i></p> <p><i>(a) The establishment of a charitable arm for the purpose of securing funding to deliver community safety initiatives for and with communities in Devon and Somerset; and</i></p> <p><i>(b) The employment of a fundraising officer as set out within section 7 of the report.</i></p>
<b>EXECUTIVE SUMMARY</b>	<p>The Authority has had limited success in securing external funding to support Community Safety activities. Limited capacity, a lack of fundraising expertise and the status of the Authority as a statutory body inhibit opportunities to access external funding.</p> <p>This paper considers opportunities for the Service to move beyond current constraints and presents a recommendation with potential to sustain existing delivery, fund aspirational activities and create opportunities to support partner organisations in delivering our the service vision of making Devon and Somerset – a safer place for people, communities and business.</p>
<b>RESOURCE IMPLICATIONS</b>	£26,000 in the first year, self- funding thereafter.
<b>EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)</b>	It will be important to monitor the engagement of communities and of individuals within communities to ensure that no group is excluded or discriminated against. As a part of the monitoring process, any gaps in project delivery or representation can be identified and addressed
<b>APPENDICES</b>	None
<b>LIST OF BACKGROUND PAPERS</b>	None

## **1. INTRODUCTION**

- 1.1 Against the backdrop of diminishing funding to support Community Safety across both the public sector and through partnership sources, the Authority must look to alternative funding models. With some exceptions, such as Job Centre Plus, the Authority has had limited success in securing external funding to support Community Safety activities. Limited capacity within existing staff, a lack of fundraising expertise and the status of the Authority as a statutory body inhibit opportunities to access external funding.
- 1.2 This proposal seeks to secure additional funds to support innovation and give communities the resources to deal with the issues that are important to them. In doing so we will improve community safety through preventative strategies.
- 1.3 This proposal would stand alone from other fund raising schemes that might seek to secure funding for other elements of service support and delivery.

## **2. BACKGROUND**

- 2.1 Research has identified that an opportunity exists to develop a charitable arm of the service. By employing a fundraising officer the service could support and develop the delivery of Community Safety in a cost effective and sustainable way. Realising this opportunity will support the principles of the Big Society and Localism and will not only benefit local communities in a move towards taking responsibility for their own safety, but will help the Service meet performance targets and work efficiently whilst delivering savings and increasing delivery.
- 2.2 Other Fire Services, most notably Merseyside and a joint venture by the three Welsh services have developed charitable status and each has established its own company limited by guarantee. This has enabled these services to secure the funding and delivery of services to the community that would not otherwise have been possible.
- 2.3 Merseyside and Wales continue to support their charitable arm directly through their Service budget. However, in each case it has been proven that the overall benefit has significantly enhanced delivery through the provision of additional external funding.
- 2.4 In the case of Merseyside through the 'Fire Support Network' charity, their accounts demonstrate that over the last three financial years the financial contributions made (through grant aid and Service Level Agreements) by the Merseyside Fire and Rescue Service has declined from £360,046 to £267,167. To put these figures into perspective in the financial year 2007/08 Merseyside Fire and Rescue Service provided 78% of the Fire Support Network's income, by 2009/10 this had fallen to 37%. However, over the same period of time the total income for the Fire Support Network has risen from £462,889 to £712,893. Firebreak Wales have achieved similar results.
- 2.5 The foundation of charitable status would improve the funds available and the opportunities to deliver community safety activities.
- 2.6 Charitable status has traditionally been achieved through registering with the Charity Commission and to set up a company limited by guarantee. Guarantee companies are useful for non-profit organisations that require corporate status. This means that its profits are not distributed to its members but are retained to be used for the purposes of the guarantee company. Of course this does not mean that the guarantee company cannot make a profit, as indeed it is almost paramount that it can and does so.

- 2.7 Where an organisation is likely to enter into contracts (which could well be the case) it may need the benefit of limited liability to protect its Board of Trustees and its members, who may be involved on a voluntary basis.
- 2.7 An alternative would be to operate as a Charitable Incorporated Organisation. A Charitable Incorporated Organisation, or CIO, is a new legal form for a charity. A Charitable Incorporated Organisation:
- is an incorporated form of charity which is not a company
  - only has to register with the Charity Commission and not Companies House
  - is only created once it is registered by the Commission
  - can enter into contracts in its own right and its trustees will normally have limited or no liability for the debts of the CIO
- 2.8 The CIO was created in response to requests from charities for a new structure which could provide some of the benefits of being a company, but without some of the burdens. There is no cost. This would seem an ideal vehicle to take forward the DSFRS charitable arm. The CIO initiative is yet to go live but it is anticipated that its timescales would roughly meet those of DSFRS should a charitable arm be established.
- 2.9 Once charitable status is achieved the charitable arm will become an arm's length company with its own governance structure. DSFRS will provide the charity with funding and in return will hold some positions on the board of trustees and receive regular updates of accounts.

### **3. CURRENT POSITION**

- 3.1 Elements of current and planned Community Safety activities are already linked into a number of community based initiatives including Community or Participatory Budgeting and the development of a volunteering policy. Although some elements of this work can continue under current funding methods at this time, opportunities to widen these activities and to develop a range of broader risk reduction activities will be not be realised without additional funding.

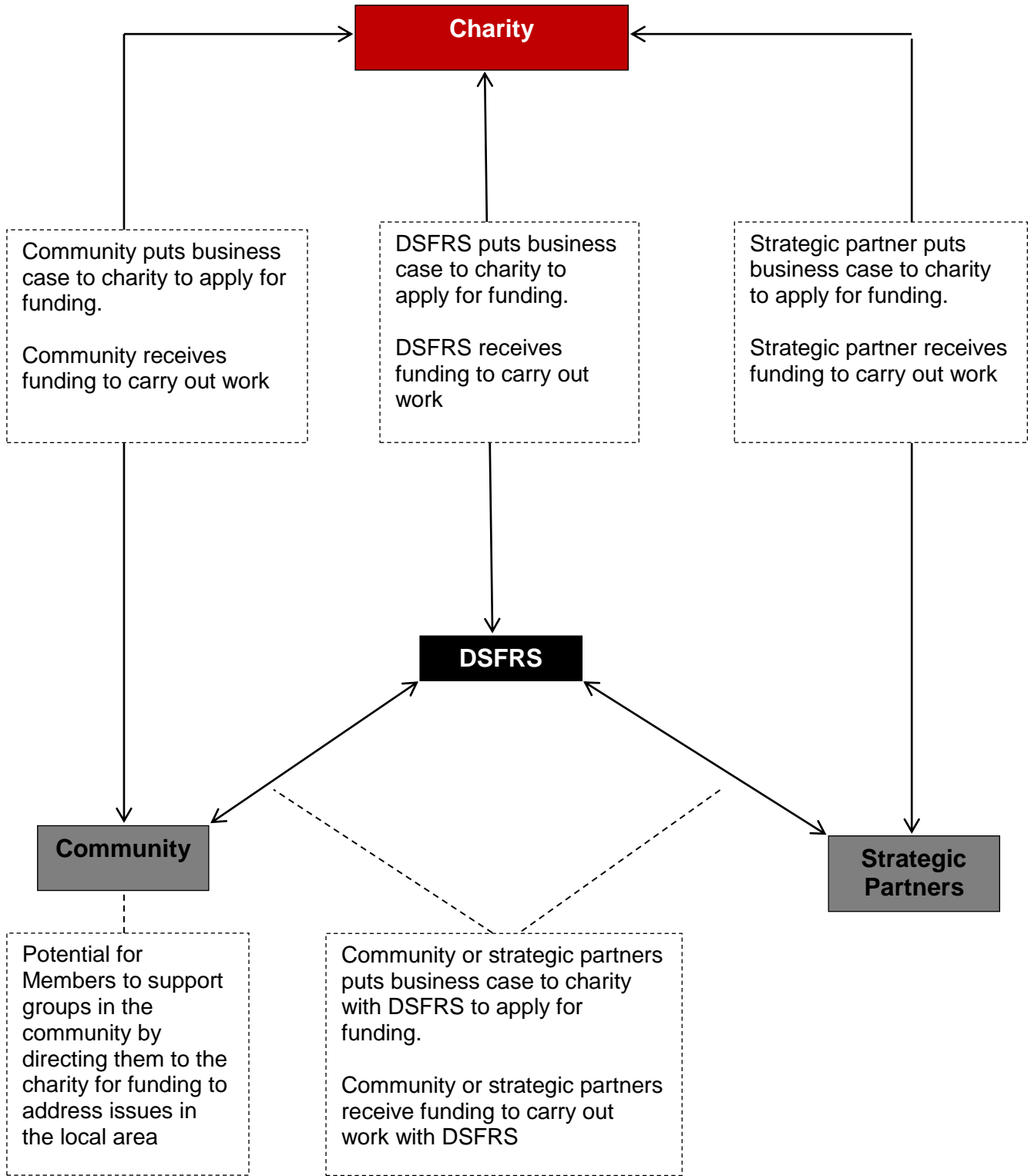
### **4. OPPORTUNITIES**

- 4.1 The Merseyside experience demonstrates how targeted pump priming and support can enable a charity to develop and prosper with benefits for both the FRS and the wider community.
- 4.2 There is a good body of evidence to suggest that DSFRS could achieve similar results.
- 43 The charity would provide opportunity to develop new initiatives to engage with and support community needs. It would also provide resilience for current community engagement initiatives by ensuring money is available through the charity at a time when funding may be withdrawn from other avenues.

## **5. COMMUNITY IMPACT**

- 5.1 The charity would provide a one-stop shop for local communities and DSFRS to deliver aspects of the Big Society, localism and community empowerment. It would provide a dedicated website providing information, advice and guidance to local communities, fundraising advice and support around safer communities and generate funding for DSFRS, the local community and partners. Communities would become more involved in planning safer communities; better community links will be developed, providing advice and support to enable community involvement.
- 5.2 Figure 1 (as set out on the following page) demonstrates the relationships the charity would create it would allow for greater working with partners and the community; strategic partners and the community would be able to work directly with the charity as well as working with DSFRS to access the charity. There would be opportunity for Members to help their local community through the charity to apply for funding to improve community safety in their local area.

**Figure 1 - Charity Relationships**



## **6. RISKS AND CHALLENGES**

- 6.1 The risk within this proposal is limited to year one when the Service would be funding the employment of a Fund Raising Officer.
- 6.2 The research conducted provides evidence that there are a number of funding streams that would be accessible to the service and therefore this risk is deemed minimal. However, if the reality did not deliver sufficient funding the post would be withdrawn and losses therefore minimised.
- 6.3 Reduced funding from existing sources of grant and council tax poses the most significant threat to on-going success in risk reduction activities.

## **7. FINANCIAL AND OTHER IMPLICATIONS**

- 7.1 There will be a need for the Service to provide the initial investment to establish a charity and employ a fund raiser.
- 7.2 The set up costs and seven month's salary would be £41,000. It is projected that the charity would produce £15,000 for the remainder of the financial year. This would result in an overall year one cost of £26,000. Appointment to the post would be made on a 1 year contract to be reviewed annually by trustees alongside the progress of the charity. The post would be made available for application from both internal and external applicants, in order to secure appropriate skills in running a successful charity.
- 7.3 In year two there is a predicted benefit of £46,000 in rising to £94,000 in year four. These are conservative figures based on the experiences of other fire and rescue services.
- 7.4 This funding would allow us to undertake new and innovative community safety activities. It would also ensure the continued delivery of activities we currently undertake such as:
- Phoenix Course - This costs approximately £500 per person to deliver through funding from the Job Centre Plus. There has been an 86% success rate of getting medium term unemployed young people back into work or education.
  - Learn2Live – This costs approximately £2 per person to deliver through the partnership and reaches 10,000 – 15,000 young people a year.

## **8. CONCLUSIONS**

- 8.1 Foundation of charitable status and the creation of a fund raising position, offers the Service the potential to secure the funding and delivery of services to the community that cannot be sustained through any reduction in the revenue support grant.
- 8.2 It appears that although other services have established either a charitable status, or a trading company this Service would become the first to have established access to public, private and third sector funding.

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