Draft guidance on the power for Fire and Rescue Authorities to trade in function related activities

Issued by:
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Fire and Rescue Service Development Division

Addressed to:
The Chair of the Fire and Rescue Authority
The Chief Executive of the County Council
The Clerk to the Fire and Rescue Authority
The Clerk to the Combined Fire and Rescue Authority
The Commissioner of the London Fire and Emergency Planning Authority
The Chief Fire Officer

Please forward to:
Chair of Regional Management Boards
Regional Resilience Teams
Regional Government Offices

Summary
This circular accompanies the draft guidance on the power for Fire and Rescue Authorities to trade in function related activities and asks for views to update and inform the final guidance.

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1.0 Background

1.1 Section 95(1) of the Local Government Act 2003 provides a power for the Secretary of State to make an order enabling best value authorities to trade in any of their ordinary functions provided they are functions which they are not obliged to provide. Fire and Rescue Authorities (FRAs) are best value authorities by virtue of section 1 of the Local Government Act 1999.

1.2 The power to trade conferred by these provisions is only exercisable through a company in which the FRA has an interest. The FRA must recover the costs it incurs in supplying accommodation, goods, services, staff or anything else it provides to the company in assisting it to trade.

1.3 The Local Government (Best Value Authorities) (Power to Trade) (England) (Amendment) Order 2004 (Statutory Instrument 2004 No. 2307) came into force on 1st October 2004. It specifies the authority and the service which that authority can provide. The power is only a transitional one until 30th September 2007. Further information on what will happen once the transitional powers cease will follow in 2007.

1.4 The Trading Order was amended (by Local Government (Best Value Authorities) (Power to Trade) (England) (Amendment) (No.2) Order 2004 Statutory Instrument No. 2573) to include a category of service for an FRA that had been accidentally missed out from the original order. This came into force on 27th October 2004.

1.5 The draft guidance for the Trading Orders can be found here: http://www.communities.gov.uk/index.asp?id=1505476. We are seeking your views to inform and update the final guidance. Please let us know if any changes, additions or deletions are required to the draft guidance by 31st March 2007.

2.0 Further information

2.1 For further information on this guidance please contact Anna Wadsworth on 020 7944 5672 or e-mail: fsed6@communities.gsi.gov.uk.

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