



**Northern Ireland  
Fire & Rescue Service**

# **NIFRS Annual Report & Accounts 2017-18**

Northern Ireland Fire & Rescue Service Headquarters  
1 Seymour Street  
Lisburn  
BT27 4SX

Tel. 028 9266 4221  
Fax. 028 9267 7402

[enquiries@nifrs.org](mailto:enquiries@nifrs.org)  
[www.nifrs.org](http://www.nifrs.org)



ISBN Number 978-0-9566975-6-1

**Northern Ireland Fire & Rescue Service (NIFRS)**  
**Annual Report and Accounts**  
**For the year ended 31 March 2018**

Laid before the Northern Ireland Assembly under paragraphs 15 (5) and 16 (2) of  
Schedule 1, and paragraph 6 (4) of Schedule 2 to The Fire and Rescue Services  
(Northern Ireland) Order 2006 by the Department of Health

on

3 July 2018

© Northern Ireland Fire & Rescue Service Copyright 2018

You may re-use this document/publication (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence> or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this document should be sent to us at:

Northern Ireland Fire & Rescue Service Headquarters  
1 Seymour Street  
Lisburn  
Co Antrim  
BT27 4SX  
or by emailing [enquiries@nifrs.org](mailto:enquiries@nifrs.org)

This publication is also available for download from our website at [www.nifrs.org](http://www.nifrs.org)

## Contents

Introduction by Chairperson of NIFRS Board	2
<b>Section 1 - Performance Report</b>	<b>3</b>
1.1 – Performance Overview	3
1.2 – Performance Analysis	8
<b>Section 2 – Accountability Report</b>	<b>35</b>
2.1 – Corporate Governance Report	35
2.2 – Remuneration and Staff Report	76
2.3 – Accountability and Audit Report	90
<b>Section 3 – Financial Statements</b>	<b>97</b>
3.1 – Operating Accounts	97
3.2 – Pension Accounts	139



## **Introduction by Carmel McKinney, OBE, Chairperson, NIFRS Board**

On behalf of Northern Ireland Fire & Rescue Service (NIFRS) Board I am pleased to present the Annual Report and Statement of Accounts for 2017-18.

NIFRS Board is responsible for the provision of fire and rescue services across Northern Ireland and ensuring that all relevant legislation relating to public safety is implemented. As a Board, we report to the

Department of Health (DoH) on issues of governance and accountability and we greatly value their support and continued investment in our Service.

2017-18 was a year of significant progress in moving forward with the organisational restructuring. The Health & Social Care (HSC) Leadership Centre was appointed by the NIFRS Corporate Management Team (CMT) to lead on the review of the Area and District Command structure. Following commencement of the Area & District review, the Board decided it was an opportune time to also review the CMT structure to ensure effective alignment of the CMT structure with the proposed new Area Hub structure. All organisational restructuring will be completed in 2018-19 and will give NIFRS a stable platform for the delivery of its services for many years to come.

A key priority for the Board was to monitor progress on the implementation of 13 Business Improvement Projects; the aim of each project is to improve future service delivery whilst also addressing a large number of historical audit recommendations. I am pleased to report that significant progress has been made with 77% of the outstanding recommendations fully implemented, 22% partially implemented and 1% not yet implemented. The only historical recommendations moving into 2018-19 relate to longer term projects; implementation of structural reviews; and/or a requirement for IT or other capital investment. In March 2018 DoH confirmed that all outstanding legacy recommendations from a number of external reports in 2012 could be closed. This was an important milestone for the organisation with a huge amount of work having been completed in recent years to bring the organisation to this point.

I was also delighted to see good progress being made in-year on the upgrade of our IT infrastructure and the building of our new Service Support Centre (SSC), which will be completed in early 2018-19. In August 2017, we received planning permission for Phase 1 of our new Learning and Development Centre (LDC) at Desertcreat and work started on site in February 2018. In January and March 2018 we welcomed 2 new Wholetime Trainee Firefighter intakes, and together with our Retained Firefighter recruitment, this will begin to address the operational resilience required in the future.

I am incredibly proud to be part of NIFRS and I acknowledge and recognise the magnificent work that all staff do – operational and support staff – in protecting our community from fire and other emergencies. Along with my fellow Board Members, we take the public responsibilities entrusted to us very seriously and will continue to govern and oversee NIFRS, to uphold the core values of the organisation and to ensure both Firefighter and public safety are at the core of every decision we make.

## SECTION 1 - PERFORMANCE REPORT

### 1.1 Performance Overview



#### Chief Fire & Rescue Officer's Foreword

Gary Thompson, Chief Fire & Rescue Officer, NIFRS, gives his assessment of NIFRS performance in 2017-18 and looks to the challenges and opportunities that lie ahead.

Since becoming Chief I have focused on 4 key areas of the organisation – the services we provide for our local communities; our people; how we govern; and how we manage our resources. The renewed focus on these cornerstones of the organisation - as we challenge the status quo, expand our thinking and explore new ways of collaborative working - is having a transformative effect on the way we do business.

#### Overview of Operational Performance

The role of a Firefighter has changed dramatically in the last 20 years. Providing an emergency response will always be at the core of what Firefighters do but it is the breadth of incidents that we respond to which has changed significantly. It is no longer fires but road traffic collisions, flooding and water rescues, animal rescues, incidents involving chemical, biological or radioactive substances as well as search and rescue incidents to which we are increasingly tasked. The evidence of this is borne out in our operational statistics which show we have responded to more road traffic collisions (790) and special service calls (2,341) in 2017-18 than we did in 2016-17.

For the second year running the number of 999 calls handled by our Regional Control Centre (RCC) personnel and the number of incidents we attended increased. We received 37,114 emergency calls (+3% on 2016-17) and attended 24,604 incidents (+3.6% on 2016-17).

It was pleasing to see a big reduction in the number of Hoax Calls we received, 1,160 (-31.5% on 2016-17) and our RCC personnel demonstrated their skill at call management and call challenging by mobilising Fire Crews to less than 50% of those calls (466 mobilisations).

One of our key targets is to reduce the number of deaths as a result of accidental dwelling fires. In 2017-18, 4 people lost their lives in accidental dwelling fires, which is the lowest number we have on record. This is a 56% reduction, down from 9 fatalities the previous year and although we are pleased to see the downward trend of recent years continue, it is still a tragedy that 4 people have lost their lives in this way.

The steady and sustained reduction in the number of accidental fire deaths in recent years is testament to our prevention and protection work in identifying and targeting those most at risk from fire in our community. We will continue to work hard through our prevention activities to ensure that no-one in Northern Ireland loses their life as a result of an accidental house fire - that has to be our goal.

We have signed 75 partnerships across the voluntary and statutory sectors, 10 new partnerships were signed in 2017-18, to help us to identify and engage with those people who need our help the most, including those aged over 60 and people with mobility or health issues which would impact on their ability to respond to a fire.

In the last year alone, directly targeting those most at risk of fire in their home, Firefighters carried out 4,423 free Home Fire Safety Checks (HFSC), provided fire safety advice and fitted 3,228 smoke alarms. I'm confident that this vital work has helped save lives in Northern Ireland.

We know there is no room for complacency; while accidental fire deaths were at their lowest number there was actually a small increase in the number of accidental dwelling fires; 896 compared to 826 in 2016-17.

From 1 April 2018 we expanded our prevention remit within our HFSC to include health and wellbeing advice, specifically in relation to alcohol, smoking and fall prevention. It is widely accepted that there is a clear link between alcohol, smoking and accidental house fires and we want to make a positive intervention by signposting people to other organisations who can assist them in improving their health and wellbeing.

Weather related incidents dominated our operational response at various times during the year. In May 2017 Firefighters attended 511 gorse fires; in August 2017 we responded to 85 flood related incidents in a 9 hour period following heavy rainfall and flash flooding and in October 2017 we worked closely with partner agencies in preparation for Storm Ophelia. Emergency planning and operational response for weather related incidents are increasing year on year for all Fire & Rescue Services.

Expectations about what Fire & Rescue Services can and should deliver has changed and from my participation in the National Fire Chiefs Council (NFCC) and in my role as an advisor to the National Joint Council for Local Authority Fire and Rescue Services, the Firefighter role is being challenged to adapt and expand.

One such example and highlight of the past year was the success of the Emergency Medical Co-Responding pilot which we operated from Lurgan Fire Station, in partnership with the Northern Ireland Ambulance Service (NIAS). From 19 September 2016 to 17 September 2017, Firefighters responded to 392 co-responding calls with NIAS and 201 patients received early first aid intervention from Firefighters. I am extremely proud of how Lurgan Station personnel embraced this new area of emergency response proving that Firefighters can make a significant contribution to both public safety and public health in Northern Ireland.

In June 2017 the wider Fire & Rescue Service community and indeed the public were deeply shocked and saddened at the deaths of 71 people following the Grenfell Tower Fire in London. Following the fire there was, understandably, a great deal of public interest in the safety of residents living in high rise buildings. In response, we set in place an action plan to provide fire safety advice to residents living in high rise buildings (over 4 floors in height) and carried out 5,034 door-to-door visits. Our Fire Safety Inspectors carried out 130 fire safety audits of measures provided for the protection of Firefighters in domestic high-rise premises and we continue to work with the owners/managers of high-rise buildings to ensure appropriate fire safety measures are in place.



## Building for the Future

One of my priorities on becoming Chief was to initiate Wholetime Firefighter recruitment and thanks to the support of NIFRS Board and DoH we were able to deliver on this. I'm proud to report that we had almost 5,000 applicants and exceeded our target for female applicants; 12.3% against a target of 10%. Our first intake of 28 Wholetime Trainees started their training on 2 January 2018 and a second intake of 31 started on 5 March 2018. We plan to have further intakes of Wholetime Trainees over the next 2 financial years. We recruited 35 new Retained Firefighters for 14 of our Retained Stations and 14 new Firefighter (Controls) in our RCC graduated in March 2018, ensuring we have the strength and resilience for future. A number of appointments were made in key support staff roles as we moved into the implementation of our Directorate restructuring.

With organisational restructuring and significant capital investments taking place to help improve our service delivery, it is an exciting time for NIFRS but it also presents a challenge as we, like other public services, are living in a tight financial climate. We are committed to providing the best value fire and rescue service to the public. Whilst our costs equate to approximately £38 per head of population which compares favourably across the sector, the need to effectively manage our resources remains a priority.

We have been taking active steps to build efficiencies into how we work. The development and implementation of an Integrated Risk Management Plan (IRMP) has ensured that we appropriately deploy our resources in response to identified risk. Our risk methodology has been recognised as industry best practice. This 'resource to risk' approach has enabled the delivery of significant organisational change in partnership with key stakeholders, including the introduction of new crewing arrangements.

A number of key projects will come to fruition in the next financial year to help us achieve greater efficiencies including the opening of our new £7.8m SSC in Belfast. Our current maintenance, servicing and repair workshops based at 3 separate locations will relocate along with the equipment workshop and stores into one building. Bringing key operational support staff and services together will deliver real business improvement across the organisation.

In February 2018 we started work on Phase 1 of our new LDC - a dedicated, purpose built facility to meet our training needs. Phase 1 will support our critical training infrastructure and includes a tactical firefighting facility of 6 floors offering realistic, simulated firefighting scenarios as well as a welfare and classroom building. Work on Phase 1 is scheduled to take a year to complete. Work has already started on the planning and design stages for Phase 2 of the project which will cover the remainder of the training infrastructure works.

Both of these new build projects represent significant capital investment in the future of our Service and have been a long time in the planning.

Organisational restructuring, including the Area and District Command review, will also ensure that we are tackling duplication and building efficiency into our working methods.

Other key capital projects that have been progressing in-year are the replacement of the Command & Control Mobilising System and significant work is underway to strengthen and enhance our IT infrastructure, systems and resilience.

We are working in consultation with DoH to identify any potential impacts on service delivery provision as a result of the UK exit from the European Union and will implement appropriate business continuity measures as necessary. We are also engaging with RoI counterparts on any potential impacts the EU exit might have on existing cross-border arrangements.

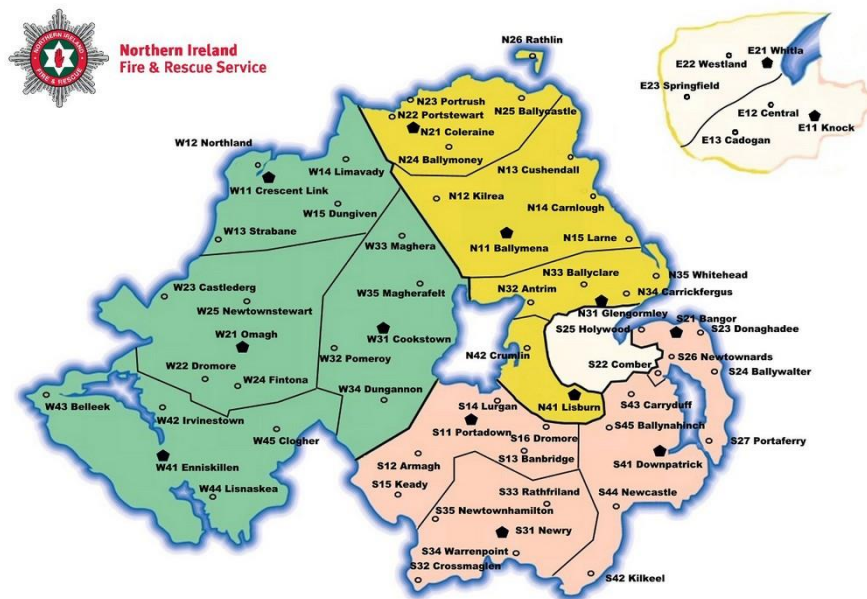
As I look to the years ahead the role of Fire & Rescue Services will continue to change as we respond to new challenges, new demands and changing risk. We need to be flexible, adaptable and agile as we continue to ensure that we have the right resources, in the right place, at the right time.

2017-18 has laid the foundation for a stronger, more stable organisation. Thanks to the continued support and professionalism of our staff we are moving in the right direction and are able to bring about the necessary change and improvement required. The passion and pride of our people and the role they play in protecting our community is demonstrated every day and I thank all our staff for their contribution to public safety in Northern Ireland.

## Northern Ireland Fire & Rescue Service – Who We Are and What We Do

NIFRS protects and serves the entire population of Northern Ireland, an area of over 5,500 square miles and with a population of 1.81 million, providing them with a range of fire and rescue services.

Under The Fire and Rescue Services (Northern Ireland) Order 2006 and The Fire and Rescue Services (Emergencies) Order (Northern Ireland) 2011, NIFRS responds to fires, road traffic collisions and other emergencies including chemical, biological, radiological or nuclear incidents, search and rescue incidents, serious flooding and serious transport incidents. A range of community engagement initiatives are provided to help reduce risk and keep people safe from the dangers of fire and other types of incidents that we respond to. The organisation has a dedicated 999 RCC where all the Fire 999 calls for Northern Ireland are answered and Fire Crews mobilised to respond.



**Our Vision:** Protecting Our Community.

**Our Mission:** To deliver a fire and rescue service and work in partnership with others to ensure the safety and well-being of our community.

**Our Values:**

- We value our **People**, keeping them safe and well-trained;
- We value **Leadership** and leading by example;
- We value **Teamwork** and working together;
- We value the utmost **Integrity** in everything we do;
- We value **Diversity**, equality and fairness and we consider the needs of our staff and the community we serve;
- We value open and honest **Communication** with our staff and with all our stakeholders;
- We value working in **Partnership**; and
- We value the pursuit of **Excellence** and continuous improvement at all levels of our organisation.

## 1.2 Performance Analysis

NIFRS reports to the NIFRS Board and DoH on performance against its 4 Strategic Aims and Corporate Performance Indicators as detailed in the following table:

Strategic Aim	Key Performance Indicator	CPI No	Corporate Performance Indicators
Prevention, Protection and Emergency Response	Reduce the number of human fatalities from fires and as a result of incidents involving special service calls	CPI1	<b>999 Emergency Response:</b> achieve and maintain local 999 emergency response standard of 75% appliances attending an incident within the set target times
	Reduce the number of fire incidents and special service calls	CPI2	<b>Number of fatalities in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3-year average baseline
		CPI3	<b>Number of people at risk (as defined within the NIFRS People at Risk Strategy 2016-2021) fatalities in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline
		CPI4	<b>Number of accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline
		CPI5	<b>Number of dwelling fires attended with no working smoke alarm:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 2015-16 baseline
		CP16	<b>Number of injuries in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline
		CPI7	<b>Number of deliberate primary fires:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline
		CPI8	<b>Number of deliberate secondary fires:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline
		CPI9	<b>Number of Mobilised Hoax Calls:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline
Supporting Our People	Ensure resource availability is maintained	CPI10	<b>Sickness Absenteeism:</b> Achieve an average of 10 days/shift lost per year by 2018
		CPI11	<b>Number of attacks causing injury to personnel:</b> target is zero attacks causing injury to personnel; benchmark against the 3 year average baseline
		CPI12	<b>Number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable accidents:</b> reduce by 1% year on year (5% reduction from 2021) from the 3 year average baseline

Strategic Aim	Key Performance Indicator	CPI No	Corporate Performance Indicators
Effectively Managing Resources	Ensure financial break-even of resources and capital budgets in line with Departmental allocations. We will establish sound environmental management processes	CPI13	<b>Financial Management:</b> Achieve a breakeven target of 0.25% or £20k (whichever is the greater) of revenue allocation for 2017-18
		CPI14	<b>Environmental Management:</b> Reduce total NIFRS CO2 emissions by a minimum of 10% by 2018 or as directed by the NI Executive/UK Government.
Effective Governance, Performance and Improvement	Increase the quality of service provision to all our stakeholders. Develop and implement a change management process across all departments	CPI15	<b>Controls Assurance Standards:</b> We will attain minimum compliance levels in respect of the Controls Assurance Standards
		CP116	<b>Efficiencies:</b> Develop and implement an effective risk assessed savings plan for 2017-18

### Reporting on Corporate Performance Indicators

Corporate Performance Indicator	Target / Average Baseline	2015-16	2016-17	2017-18
<b>CPI1: 999 Emergency Response:</b> achieve and maintain local 999 emergency response standard of 75% appliances attending an incident within the set target times (to be superseded when revised Standards are agreed).	Response Area Targets  1 <sup>st</sup> Appliance High 75% 6min Medium 75% 12min Low 75% 21min  2 <sup>nd</sup> Appliance High 75% 9min Medium 75% 15min Low 75% 24min	  57% 77% 89%	  52% 74% 92%	  44.8% 65.4% 88.2%
<b>CPI2: Number of fatalities in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3-year average baseline*	3 year average baseline: 9.3  2017-18 Target: 8.9	  12	  9	  4
<b>CPI3: Number of people at risk (as defined within the NIFRS People at Risk Strategy 2016-2021) fatalities in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline*	3 year average baseline: 5.3  2017-18 Target: 5.1	  **Not available	  **Not available	  1
<b>CPI4: Number of accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline*	999 year average baseline: 888  2017-18 Target: 853	  843	  826	  896
<b>CPI5: Number of dwelling fires attended with no working smoke alarm:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 2015-16 baseline	2015-16 baseline: 166  2017-18 Target: 159	  163	  121	  148

Corporate Performance Indicator	Target / Average Baseline	2015-16	2016-17	2017-18
<b>CPI6: Number of injuries in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline*	999 year average baseline: 94  2017-18 Target: 90	76	93	93
<b>CPI7: Number of deliberate primary fires:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline*	999 year average baseline: 1,327  2017-18 Target: 1,274	1,405	1,386	1,180
<b>CPI8: Number of deliberate secondary fires:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline*	999 year average baseline: 4,833  2017-18 Target: 4,640	4,583	4,753	5,050
<b>CPI9: Number of Mobilised Hoax Calls:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline*	999 year average baseline: 433  2017-18 Target: 416	369	414	466
<b>CPI10 Sickness Absenteeism:</b> Achieve an average of 10 days/shift lost per year by 2018	2017-18 Target: 10	12.5	13.4	13.15
<b>CPI11: Number of attacks causing injury to personnel:</b> target is zero attacks causing injury to personnel; benchmark against the 3 year average baseline*	3 year average baseline: 1.3  2017-18 Target: 0	3	2	1
<b>CPI12: Number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable accidents:</b> reduce by 1% year on year (5% reduction from 2021) from the 3-year average baseline*	3 year average baseline: 41  2017-18 Target: 40	28	17	19

\*3 year average baseline is calculated from the average of 2013-14, 2014-15 and 2015-16

\*\* Figures not available for 2015-16 and 2016-17 as this is a new CPI for 2017-18 and the information is not retrospectively available as this relies on the findings of the Coroner Court

## **Operational and Community Protection Statistics**

Statistical data on a range of Operational and Community Protection activities are recorded to monitor performance and determine future priorities.

<b>Performance Measurement</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>% change from 2016-17 &amp; 2017-18</b>
<b>Regional Control Centre</b>				
999 Calls managed by Regional Control Centre	33,440	36,069	37,114	+3%
Incidents Mobilised	22,458	23,740	24,604	+3.6%
Hoax Calls Received	1,287	1,694	1,160	-31.5%
Mobilisations to Hoax Calls	369	414	466	+12.6%
<b>Operational Response</b>				
*Major Fires Attended	3,204	3,187	3,010	-5.6%
Accidental Dwelling Fires	843	826	896	+8.5%
Accidental Dwelling Fire Fatalities	12	9	4	-55.6%
Fire Fatalities Other	4	1	4	+300%
Major Fire Rescues	138	141	168	+19.1%
Road Traffic Collisions Attended	730	741	790	+6.6%
Road Traffic Collision Fatalities (only at RTCs NIFRS attended)	50	40	40	0%
Road Traffic Collision Rescues	561	534	536	+0.4%
Special Service Calls Attended (Excludes RTCs)	1,831	2,164	2,341	+8.2%
Special Service Call Fatalities (Excludes RTCs)	37	40	34	-15%
Special Service Call Rescues (Excludes RTCs)	875	860	999	+16.2%
Gorse Fires	1,439	1,634	2,072	+26.8%
*Secondary Fires – Other	3,428	3,409	3,351	-1.7%
False Alarms due to Alarm Systems	7,594	8,608	8,970	+4.2%
<b>Prevention Activity</b>				
Fire Safety Audits	n/a**	1,832	1,476	-19.4%
Home Fire Safety Checks	n/a**	3,878	4,423	+14.1%
Smoke Alarms Fitted During HFSC	n/a**	4,005	3,228	-19.4%

- All percentages have been rounded to one decimal place for reporting purposes.
- A reportable fire is an event of uncontrolled burning involving flames, heat or smoke attended by a UK Fire Brigade. Reportable fires are classified for data collection purposes by the Department of Communities and Local Government into 2 main categories: Major (Primary) Fires and Secondary Fires.

\*Major (Primary) Fires are generally more serious fires occurring in one or more of the following locations: buildings, mobile homes, caravans, trailers, vehicles and other methods of transport (not derelict), outdoor storage, plant, machinery, agricultural and forestry property, other outdoor structures including post boxes, tunnels, bridges. Any fire involving casualties or rescues, or a fire that was attended by five or more fire appliances or a fire which spread from one secondary location to another would also be categorised as a primary fire.

\*Secondary fires are generally smaller fires which were attended by 4 or fewer fire appliances and which are confined to the following locations: outdoor locations (gardens, grassland, heathland, hedges), fires involving rubbish, street or railway furniture, fires in single derelict buildings or vehicles, chimney fires.

\*\*Figures for 2015-16 are not comparable with 2016-17 onwards as the reporting criteria changed and. A like-for-like comparison is not therefore applicable.

## **Community Protection Activities**

In 2016-17 NIFRS launched its People at Risk Strategy which included a review of all prevention activities. New recording mechanisms were introduced and therefore comparison year data is not currently available as 2017-18 is the first full year of the new recording system.

Prevention Theme	Activity	Engagement Events	Audience Reached
Fire Safety in the Home	Leaflet distribution	1,874	48,798
	Youth Engagement	409	21,530
	Safety Team (Primary School)	691	20,573
	Chip Pan Demos	12	616
	Community Safety Vehicle	1	0
	Bee Safe Programme	25	4,122
	Events	165	37,297
	Talks	96	2,789
People at Risk	Leaflets	409	23,273
	Partnerships Signed	10	-
	Talks	134	3,287
	Events	30	13,760
	Home Fire Safety Checks	4,423	-
	Replacement Smoke Alarms	338	-

All NIFRS Prevention themes are supported throughout the year on social media and by campaign PR through news releases, media interview opportunities and case studies by working with members of public who are willing to share their story to help reinforce a particular safety campaign. The 'Fire Safety in the Home' and 'People at Risk' campaigns are also supported by TV, radio, print and online advertising through the 'STOP Fire' campaign.



# **Strategic Objective 1: Prevention, Protection and Emergency Response**

## **Aim:**

To ensure targeted integration of our Prevention, Protection and Emergency Response to have the right resources in the right place at the right time based on our risk profile; and in line with our Community Protection Strategy educate and inform the communities that we serve to reduce the risk within domestic premises. We will also provide advice, guidance and, where necessary, enforcement to ensure public and Firefighter safety within the built environment.

## **Outcomes:**

### **Integrated Risk Management Plan (IRMP)**

NIFRS IRMP 2016-21 is the 5 year strategic plan which encompasses activity across all Directorates to ensure a co-ordinated approach to providing the best possible service to the public.

An IRMP Programme Board and Project Delivery Group were established to oversee implementation of the IRMP objectives.

Below is a summary of activity in 2017-18 across the 6 key IRMP Objectives:

#### **1 Develop risk analysis capability to effectively target resources**

In 2017-18 NIFRS completed a review of its over-arching risk model and has mapped future development of key incident modules. The risk analysis capability has been further developed and is now supported by a specific dwelling fire risk module and road traffic collisions (RTC) risk module.

The dwelling fire risk module has integrated weighted factors (including current emergency response capacity, dwelling fire risk data based on historic incidents and the impact in terms of casualty outcomes, the People at Risk Strategy and areas of multiple deprivation) which will prioritise prevention resources for the Strategic Targeting of Areas of Risk (STAR).

The RTC risk module analyses 5 years of NIFRS RTC incident data and compares the results against PSNI RTC data to identify common areas of higher risk. This work informs the strategic targeting of road safety initiatives.

#### **2 Review service delivery and management structure in line with risk**

NIFRS commissioned the HSC Leadership Centre to complete a review of the Area & District Structure. The Team conducted 55 staff engagement sessions, with 130 personnel, including CMT, Strategic Leadership Team, Headquarters, Area and District Teams and Wholtime and Retained Firefighters on Stations. Engagement sessions with local Councils were also carried out. The Review Team were also asked by the NIFRS Board to review the CMT structure and they presented that report to the NIFRS Board and it is with the DoH for consideration. The report on the Area and District structure review is due to be completed in early 2018-19.

### **3 Explore options to deliver a road safety awareness campaign targeted at 16-24 year olds**

A new NIFRS Road Safety Strategy (2018–2021) was developed in-year. The strategy will be supported by a new road safety education programme aimed at 16-24 year olds which will be introduced in pre-identified high risk areas following a risk analysis of road traffic collision data held by NIFRS and partner agencies. The programme will focus on the causes and consequences of road traffic collisions.

The principles of the new strategy were introduced on a pilot basis in January 2018 and will explore the development of partnerships with other key agencies, community and local sporting and educational groups in order to make the most effective use of NIFRS resources.

### **4 Review and effectively manage the Retained Duty System (RDS)**

Following restructuring the RDS is now managed by a dedicated team led by the Group Commander (Service Delivery). The team will be responsible for developing and delivering strategies and policies. RDS projects which commenced in 2017-18 include:

- RDS recruitment in 18 Stations (following a review of current establishment levels and a number of other risk factors);
- Widening the 'Day Time Plus' contract across additional Stations (to provide operational cover Monday-Friday during normal working hours); and
- Recruitment for a new 'banded' contract to be piloted at 2 Stations (this contract requires Firefighters to provide an aggregate of core hours across the weekend and the conventional working week).

The RDS team have engaged regularly with RDS personnel, holding 11 engagement sessions with representatives from all RDS Stations and through the annual RDS Watch Commanders Conference which was held in January 2018. A new RDS strategy is being developed which will be subject to internal and external consultation.

### **5 Review existing Emergency Response Standards (ERS)**

ERS define the optimum response times for particular areas based on the level of foreseeable risk (likelihood x impact). NIFRS developed proposals for new ERS based on the current risk profile of Northern Ireland and these are currently with the DoH for consideration.

### **6 Explore opportunities for collaborative working with Health & Social Care (HSC) services**

NIFRS and NIAS Emergency Medical Response (EMR) pilot ended in September 2017. Fire Crews from Lurgan Fire Station participated in the year-long pilot and were mobilised to 392 co-responding calls with NIAS. NIFRS was notified of cardiac/respiratory arrest and chest pain related calls and 201 patients received early first aid intervention from NIFRS before NIAS personnel assumed responsibility for their care. Fire Crews remained at the scene to assist NIAS when requested.

To facilitate the pilot NIFRS trained 28 personnel to 'First Person on Scene Intermediate' level which enabled Firefighters to administer lifesaving interventions including CPR and defibrillation, when appropriate, until the arrival of Paramedics. Throughout the pilot, the initial 999 call was taken by NIAS, who retained overall responsibility for response to the patient and an ambulance response was always dispatched to each call.

Negotiations are ongoing between the Fire Brigades' Union and the National Employers around the broadening the role of a Firefighter which takes EMR into consideration. NIFRS and NIAS have agreed the content of a final evaluation report of the pilot.

NIFRS Facilities & Assets Department has been working closely with NIAS and Central Procurement Unit (CPD) to develop a new joint call-off framework to secure design teams for future NIFRS/NIAS projects.

### **NIFRS Resilience Capabilities**

In order to fulfil statutory duties under The Fire and Rescue Services (Northern Ireland) Order 2006 and The Fire and Rescue Services (Emergencies) Order (Northern Ireland) 2011, NIFRS has developed a number of specialist operational capabilities.

Operational capabilities provide NIFRS with the capacity and ability to deal with large scale emergency incidents by ensuring specialist trained Firefighters have access to the appropriate equipment and resources needed to provide the operational response.

NIFRS operational capabilities include:

- Rope Rescue;
- Urban Search and Rescue (USAR);
- Flood Response;
- High Volume Pump (HVP);
- Marine Response;
- Petrochemical;
- Specialist Rescue Team (SRT);
- Hazardous Material (Hazmat) and Chemical, Biological, Radioactive, Nuclear (CBRN);
- Wildfire;
- Large Animal Rescue; and
- Heavy Vehicle Rescue – developed during 2017-18.

To provide operational assurance of NIFRS capability to respond to these types of incidents, procedures are regularly tested. In March 2018 NIFRS carried out its annual Capabilities Assurance Exercise. The exercise tested the Flood Response and Rope Rescue capabilities of NIFRS through a series of realistic scenario training exercises held at multiple locations across Northern Ireland.

### **National Resilience Capabilities**

In 2017-18 NIFRS signed a Memorandum of Understanding (MoU) with the NFCC to further enhance our resilience capabilities by linking in with National User and Working Group structures to gain access to technical advice and training models. NIFRS can, if required, seek support through mutual aid arrangements from other UK Fire & Rescue Services and their resilience capabilities.

## **Resilience Capability Deployments at Incidents**

Throughout the year NIFRS deployed its resilience capabilities at a number of operational incidents.

### **High Volume Pumping**

On 28 September 2017 NIFRS attended a significant flooding event at Lagan Valley Hospital in Lisburn. A ruptured main had released approximately 10 million litres of water from the water network and approximately 1.2 million litres of water had made its way into the hospital basement resulting in power cuts and loss of water supply. This had a significant impact on hospital surgery procedures. NIFRS responded with HVP resilience capabilities and established operations to pump the 1.2 million litres of water a distance of over half a mile into the River Lagan within 6 hours. NIFRS worked closely at the scene with NI Water and the South Eastern Trust to develop the operational plan so that the excess water was removed as quickly as possible which enabled repairs to be carried out so that the hospital's normal service could be returned as quickly as possible.

### **Wildfire**

From 1-8 May 2017 NIFRS attended 511 gorse fires, 466 were deliberately started. The majority of the incidents, 407, were in Southern and Western Area Commands. Due to the nature of geographical spread of the wildfires a significant number of resources were required to bring them under control and prevent further fire spread. Firefighters from local Stations and specially trained Wildfire Officer Teams used specialist equipment and worked with partner agencies to ensure a co-ordinated, safe and effective operational response.

### **Flood Response**

On 22 and 23 August 2017 NIFRS responded to 85 flood related incidents as a direct result of heavy rainfall. 87% of the incidents occurred in Western Area Command and specially trained Flood Response Firefighters and the SRT worked alongside Firefighters from local Stations to rescue 93 people who were trapped in vehicles or properties by the flood water. A significant multi-agency operational response was required and NIFRS worked alongside local Councils, Foyle Search & Rescue, PSNI, NIAS and the Irish Coastguard Agency to plan and respond to the flooding which caused significant damage to properties, vehicles and infrastructure. A joint North West Flooding Review report subsequently commended the NIFRS operational response.

### **Petrochemical**

NIFRS mobilised significant resources to deal with a petrochemical incident at an industrial complex in the North West on 6 February 2018. A large fuel storage tank (29m x 19m) was being decommissioned on site when an acetylene cutting torch accidentally ignited the remaining heavy fuel within the tank. Specialised capabilities were deployed including a Petrochemical Officer, 2 HVPs, 2 Bulk Foam Pods and a high capacity Foam Pump. A sustained tactical foam attack was initiated to bring the incident under control and extinguish the fire. NIFRS worked with the Northern Ireland Environment Agency (NIEA) to ensure the environmental impact as a result of the fire was minimal.

## **Emergency Planning**

NIFRS is represented within the NI Civil Contingencies Framework and by working with partner agencies is an integral part of the overall emergency planning process in Northern Ireland. NIFRS is represented on the 3 Emergency Preparedness Groups (EPGs) across Northern Ireland and through these structures contributes to planning for events such as severe weather and regional recovery plans.

NIFRS Resilience and Area Command Teams co-ordinated 59 Emergency Response Plans (ERPs) for pre-planned events, including the Northwest 200, 11 July bonfires and Storm Ophelia. ERPs are part of the multi-agency approach to emergency planning and are supported at a strategic level by NIFRS Officers in the Command Room and Regional Control Centre at Headquarters.

During 2017-18 NIFRS utilised a number of UK-wide Fire & Rescue Service models and structures to help support and enhance service delivery. These include:

### **Joint Emergency Services Interoperability Principles (JESIP)**

JESIP is a tri-service national programme to enhance joint working between Fire & Rescue, Police and Ambulance Services at incidents. NIFRS, PSNI and NIAS established the NI JESIP Tactical Working Group and commenced implementation of JESIP in 2016 through joint training and test exercises. In November 2017 Officers from Her Majesty's Inspectorate of Constabularies (HMIC) visited Northern Ireland to assess the level of adoption and integration of the JESIP principles into NIFRS operational guidance and processes. It was noted in their report that NIFRS has extensive understanding of JESIP and has been applying the principles and models with responsibility spread across the organisation. Testing and exercising was found to be excellent due to the coterminous nature of the 3 emergency services in NI and the de-briefing process appears to be robust with a culture of capturing learning.

### **National Inter-Agency Liaison Officer (NILO)**

During 2017-18 NIFRS Resilience Department undertook a project to develop and implement the NILO role across the organisation. NILO is a functional support role to complement existing strategic, tactical and operational interagency co-ordination. NILOs can provide support within the JESIP framework by:

- Sharing information between partner agencies;
- Improve inter-agency planning, operational preparedness, liaison and response at emergencies;
- Improve co-operation and understanding amongst agencies on organisational capacity, capability and command; and
- Reduce risk to the public, operational personnel and the environment.

By December 2017, NIFRS had trained 10 Officers as NILOs and drafted the NIFRS NILO Guidance Framework.

## **National Operational Guidance (NOG)**

In 2017-18 NIFRS undertook the significant task of aligning its own operational guidance with the new NOG Programme. A NOG dashboard was launched in October 2017 to enable operational personnel to access newly introduced guidance and associated training and equipment notes from a single desktop portal. 'Incident Command' was the first NIFRS guidance to be aligned and integrated and now fully reflects the national best practice model. In 2018/19 this alignment work will continue with the implementation of the Environmental Protection, Operations Support and Breathing Apparatus guidance.

## **Prevention & Protection**

### **Fire Safety - 55% Reduction in Accidental Fire Deaths**

In 2017-18 there was a welcome 55% reduction in the number of people who died as a result of an accidental house fire. 4 people tragically lost their lives compared to 9 people the previous year (2016-17). While this is the lowest number of accidental fire deaths on record, the number of accidental house fires attended increased by 8.5% to 896 incidents and Firefighters rescued 168 people from fires, a 19% increase on 2016-17.

NIFRS has a statutory duty to keep people safe from the dangers of fire and throughout 2017-18 targeted its fire safety prevention activities on people deemed to be at higher risk from an accidental house fire. Statistics show that people age 60+ and those with mobility and/or health issues which would impact on their ability to respond to a fire are deemed to be at higher risk from having an accidental fire in their home.

As the population lives longer and with more emphasis on providing support and care in the community and allowing people to live independently at home for as long as possible, the numbers of people falling within the people at risk category in Northern Ireland is set to increase. This change in the community risk profile is addressed in the NIFRS People at Risk Strategy.

The Strategy clearly defines how NIFRS will deliver positive outcomes for the community by ensuring that fire safety prevention activity is directed and targeted in an efficient and effective manner, delivering timely interventions to those most at risk from fire. Positive outcomes can only be delivered by working in collaboration with other organisations. The Strategy promotes and develops partnership working as a means of reducing the number of accidental house fires and subsequently deaths and injuries as a result.

### **10 New Partnership Agreements Signed**

In 2017-18 NIFRS signed 10 new partnership agreements with agencies to help identify and target people most at risk from fire. By 31 March 2018 NIFRS had signed 75 partnership agreements with organisations across the public and voluntary sectors. 1,433 referrals were made to NIFRS from partner agencies for HFSCs.

One such partnership agreement was with Derry City & Strabane District Council to work together to protect people most at risk from accidental house fires and accidents in the home. Through this new partnership agreement NIFRS will provide free HFSC to people referred through the Council's Home Safety Check programme. Similarly, NIFRS can refer people to the Council who would benefit from their Home Safety Check visit.

## **4,423 Home Fire Safety Checks Delivered**

NIFRS offers a free HFSC for people at risk. HFSCs are carried out by Firefighters from the local area who visit people in their home to provide practical fire safety advice, develop fire escape plans and to check and, if necessary, fit smoke alarms. A request for a HFSC can be made through a partnership agency or through the online referral form on the NIFRS website. In 2017-18 NIFRS carried out 4,423 HFSCs.

The theme for Fire Safety Week 2017 was around 'Cooking and Cooking Appliances' which was the top cause of accidental house fires. At the launch event NIFRS heard from Ms Gemma McDaid who had a lucky escape after a fire started in her kitchen. Dame Mary Peters also supported Fire Safety Week and the STOP Fire campaign by encouraging older people to avail of a free HFSC.

## **Strategically Targeted Areas of Risk (STAR)**

In December 2017 the STAR initiative was launched. STAR is aimed at specific geographical locations as incident data shows that in Northern Ireland there are areas which for a combination of reasons are at greater risk from accidental house fires. STAR areas have been identified from an analysis of operational risk data, an index of deprivation areas, census data of people at risk and the response time of the nearest fire appliance. 74 STAR areas have been identified and sub-divided into 3 levels of risk for targeting in priority order. Since the launch in December, Firefighters have visited 9,705 homes to provide fire safety advice and offer a free HFSC to people at risk. The STAR initiative will run until March 2021.

## **Fire Safety Volunteers**

In line with other UK Fire & Rescue Services, NIFRS recruited Volunteers to support community based fire safety activity. Volunteers will help increase the reach and capacity of fire safety prevention activities. Initially 3 Station areas Cookstown, Downpatrick and Coleraine were recruited for and 18 Volunteers, 15 men and 3 women, are now actively working in their local communities to distribute fire safety advice and attend community events. The Volunteers include 2 retired Firefighters.

## **Road Safety**

In 2017-18 Fire Crews attended 790 RTCs, a 6.6% increase on 2016-17. 40 people tragically lost their lives at RTCs attended by NIFRS (61 fatalities in total in 2017-18) and Firefighters rescued 537 people trapped in vehicles.

NIFRS works closely with the Department of Infrastructure, PSNI and NIAS to help improve road safety and reduce the number of collisions occurring and therefore the number of people killed and injured.

Young drivers (17-24 years old) are a key target audience for road safety activity. NIFRS helped deliver 27 Roadsafes Roadshows to young people in 2017-18. Roadsafes Roadshows are a multi-agency event to educate young people about the consequences of speeding, not wearing a seatbelt, not paying attention and driving when under the influence of alcohol/drugs. During Road Safety Week in November 2017 NIFRS delivered road traffic collision rescue demonstrations at schools, further education colleges and other community events to drive home the road safety messages.

A review of NIFRS Road Safety Strategy was conducted during 2017-18 to assess the future direction of activity. A new Road Safety Strategy was drafted and will be launched in early 2018/19 to deliver targeted interventions aimed at reducing road traffic collision deaths and injuries while continuing to work with road safety partners and the community.

### **Youth Engagement**

The Fire Cadet Scheme is a voluntary youth organisation within NIFRS. It is a 2 year programme open to young people aged 14-15 years old and provides an exciting and varied range of activities including basic Firefighter skills, team building and first aid training. NIFRS has 5 Cadet Branches in Belfast, Bangor, Lisburn, Newry and Cookstown and in 2017-18 there were 133 Fire Cadets on the Scheme.

The Fire Cadets Scheme works with The Duke of Edinburgh Scheme and in November 2017, 20 Fire Cadets received their Duke of Edinburgh Bronze Award. The first NIFRS Fire Cadet to achieve the Duke of Edinburgh Gold Award was Olivia Day from the Bangor Branch.

### **Fire Safety Regulations Audits**

In 2017-18 NIFRS carried out 1,346 audits of non-domestic premises under the Fire Safety Regulations (2010) and 130 audits of domestic premises in respect of the maintenance of measures provided for the protection of Firefighters. Non-domestic, industrial, commercial, leisure, educational and healthcare premises are required to meet the appropriate fire safety standards as detailed in the Fire Safety Regulations, and in domestic premises measures such as dry or wet rising mains and smoke control systems must be maintained. Fire Safety Inspectors provide information to help owners/managers of premises maintain the required standards. The aim is to educate and inform but, where necessary, enforce or ultimately prosecute cases of non-compliance with the fire safety requirements.

8 Enforcement Notices and 9 Prohibition Notices were issued in 2017-18. A number of prosecutions are ongoing but none were concluded in-year.

### **Fire Safety in High Rise Buildings**

Following the tragedy of the London Grenfell Tower fire in June 2017, in which 71 residents died, there was considerable public concern regarding the safety of high rise buildings in the event of a fire. NIFRS set in place an action plan to provide fire safety advice to residents living in high rise buildings (over 4 floors in height) and carried out 5,034 door-to-door visits.

Fire Safety Inspectors carried out 130 fire safety audits of measures provided for the protection of Firefighters in domestic high-rise premises. 86 were compliant and 44 were found to be non-compliant with the required regulations. For each non-compliance NIFRS provides the responsible person with detailed advice and follows up each recommendation to ensure the required improvements have been made. In addition, NIFRS worked closely with Northern Ireland Housing Executive to review fire safety measures in all of their high rise premises and provide improved fire safety advice to residents.



### **High Rise Fire at Coolmoyne House, Dunmurry**

On 15 November 2017, NIFRS attended a fire in a flat on the 9<sup>th</sup> floor of Coolmoyne House in, Dunmurry. Firefighters faced a well-developed fire and 11 fire appliances and 55 Firefighters were mobilised to attend. A man was rescued from the flat but thankfully no serious injuries were sustained. Firefighters brought the fire quickly under control which is believed to have started from a defective toaster.

The operational response to this incident was so efficient because Fire Crews were trained to respond to these types of incidents and they were already familiar with the layout and workings of the building from a previous fire safety audit which had been recently carried out. Officers had worked closely with the Housing Executive to ensure there was clear signage on the walls and that all floors were clearly marked. Following the incident Firefighters were back at the scene the following morning to provide fire safety advice to residents living in Coolmoyne House and other high-rise accommodation in the area. Firefighters also carried out HFSC with residents who had concerns.

## **Strategic Objective 2: Manage Resources**

### **Aim:**

To provide a value for money sustainable service that meets the expectations of our stakeholders.

### **Outcomes:**

#### **An Overview of Financial Performance**

The 2017-18 budget allocations from DoH was £74.448m in respect of revenue and £11.752m for capital.

The financial key performance indicator was to achieve by 31 March 2018 the financial breakeven target of 0.25% or £20k (whichever is the greater) of revenue allocation. NIFRS achieved 0.02%.

#### **Financial Statements – Operating Accounts and Pension Accounts**

In 2016-17 NIFRS produced one set of Financial Statements incorporating both operating and pension accounts. At the time the NIFRS Audit, Risk & Governance Committee was of the view that the pension figures were of such a magnitude in volume and complexity that they dominated and obscured the reading of the overall accounts. As a result a recommendation to separate both sets of figures into 2 separate accounts was approved by the Audit, Risk & Governance Committee in June 2017. In this 2017-18 Annual Report Section 3 'Financial Statements' includes 2 separate sections for the Operating and Pension Accounts.

As illustrated in our Statement of Financial Position, (Operating Accounts and Pension Accounts) NIFRS operates with a net liability position, largely generated by the manner in which we are funded and pension liabilities. As a non-departmental public body, NIFRS is mainly funded through DoH. As it is anticipated that DoH funding will continue for the foreseeable future this ensures that the preparation of our accounts as a going concern is the correct basis.

#### **Long-term Expenditure Trends (Audited Information)**

All Public Sector Bodies in Northern Ireland receive annual budgets. The expenditure trends over the past 3 years are set out in the following table:

	2017-18 £000	2016-17 £000	2015-16 £000
<b>Net expenditure</b>	90,084	97,968	81,998
<b>RRL</b>	90,103	97,980	82,098
<b>Break even position (%)</b>	0.02%	0.01%	0.12%
<b>Net Capital expenditure</b>	11,395	6,449	3,267
<b>CRL</b>	11,752	6,517	3,267
<b>(Under)/overspend against CRL</b>	(357*)	(68)	-
<b>Firefighter pension liability</b>	853,090	804,110	649,572
<b>Remeasurement gains/losses</b>	22,317	129,043	(73,380)

\*£0.337m of the Capital underspend related to ring-fenced funding which could not be reallocated for alternative use.

### **Investment in IT**

In order to meet future business needs a significant transformation of NIFRS IT systems and services was required. The transfer of the provision of IT infrastructure services to Business Services Organisation (BSO) was approved by the NIFRS Board and took effect from 1 April 2017.

BSO are NIFRS high performance business partner providing information technology and associated services to defined and agreed service levels. A transformational programme of projects, activities and deliverables was developed and work has continued in 2017-18.

A new IT service desk was introduced with a desktop portal available to log calls. The PC/Laptop/Tablet replacement process across the organisation is nearing completion and the replacement WAN/LAN/Corporate WiFi project was started with roll-out expected to be completed in early 2018-19.

### **Building for the Future - Capital Investment**

Two major Capital Investment projects made substantial progress in year – the new LDC and SSC.

A Planning Application was lodged in April 2017 to Mid Ulster District Council for Phase 1 of the new LDC at Desertcreat, Co Tyrone. The planning application was granted in August 2017 and work started on site in February 2018 following the appointment of Henry Brothers who were awarded the construction contract for Phase 1, valued at approximately £4m.

The first phase includes a 6-storey tactical firefighting facility, a building with welfare and classroom facilities and a new access road to the site. It is anticipated that Phase 1 will be completed by the end of 2018-19.

Work started on a new SSC in Boucher Crescent, Belfast in March 2017 and is on schedule for completion mid-2018. This new facility will serve as the hub for vehicle and equipment maintenance, service supplies, Research & Development Department and the standby RCC.

The Facilities & Assets Department was restructured in year. New Facilities Co-ordinators for each Area Command will enhance the maintenance programme across the NIFRS estate moving from a reactive to a proactive approach to identifying defects early on and fixing them before they manifest into a more complex and costly problem.

### **Sustainability and Energy Management**

The Facilities & Assets Department continues to identify opportunities for environmental management across the entire estate with planned retrofits of a centralised Building Management System during planned modernisation projects. All new buildings are required to achieve BREEAM Excellence status. BREEAM (BRE Environmental Assessment Method) is the leading and most widely used environmental assessment method for buildings and communities. It sets the standard in sustainable design to ensure the best environmental practice is incorporated into a building.

### **Replacement Command, Control and Mobilisation Project**

NIFRS RCC handles all the emergency 999 calls, mobilises resources, provides a strategic overview of an incident and provides critical support information to Firefighters on the ground during an incident. RCC is a critical part of the frontline emergency response service with RCC personnel often directly saving a life and helping prevent injury through the advice and guidance they give when speaking to people making the 999 call; eg, if a person is trapped by a fire in their house RCC personnel will stay on the phone with them providing practical safety advice and reassurance while waiting on the arrival of the Fire Crews. Based at NIFRS Headquarters in Lisburn, RCC personnel dealt with 37,114 calls in 2017-18, a 3% increase on 2016-17.

Since 2016-17 NIFRS has been working with the Scottish Fire & Rescue Service on a project to procure a replacement Command, Control and Mobilising System. The procurement phase of the project is now complete with implementation planned for late 2019.

Infrastructure work will be required in the coming year within NIFRS Headquarters to ensure resilience for the new Command, Control and Mobilising System going forward.

### **Investment in Fleet**

Transport & Engineering Services completed the 2017-18 capital procurement plan which resulted in the delivery of 22 new fire appliances, 15 emergency response vehicles and 13 vans which were distributed across NIFRS as part of the ongoing fleet replacement strategy.

NIFRS Engineers designed and delivered a bespoke fire appliance suitable to the unique operational risks, terrain and geographical position of Rathlin Island (Northern Area Command). It proved a unique challenge as to how all the required operational equipment could be incorporated effectively onto a 12 tonne chassis with a smaller 3.8m wheelbase, whilst maintaining the same water and pumping capability. This work resulted

in a new design fire appliance which not only carries all of the necessary equipment and water supplies, but because it is smaller can access all of the properties on the Island.

The new Ariel Appliances have turntable ladders with a full 400kg rescue cage. The low level jacking and speed of deployment are 2 of the unique features that represent a major investment in enhancing our operational response at incidents.

To support NIFRS resilience capabilities a standardised specialist team vehicle was developed to replace 5 ad-hoc vehicles. These specialist team vehicles will provide the platform to deploy water and flood rescue equipment, special rescue resources and hazardous materials capabilities to incidents across Northern Ireland. The standardisation of the vehicles will enable a more efficient servicing and repair process.

## Strategic Objective 3: Support Our People

### Aim:

We will ensure that our people are competent and resourced to perform their job roles, that they are treated with dignity and respect, and work in an environment which promotes health and wellbeing and encourages them to fulfil their potential.

### Outcomes:

#### Resourcing

NIFRS Resourcing Team delivered a busy programme of recruitment and selection throughout 2017-18 with 43 recruitment processes for Operational, RCC and Support staff completed. The number of recruitment exercises increased from 28 in 2016-17 and whilst the activity level increased there was a reduction in cycle times for Operational and Support staff recruitment.

The programme of permanent appointments within the Strategic Leadership Team (SLT) and in other operational and support roles continued to create stability across the Service.

#### Appointments/Promotions

Role	No of Appointments
Assistant Chief Fire & Rescue Officer – Community Protection (CMT & SLT*)	1
Assistant Chief Fire & Rescue Officer – Service Support (CMT & SLT)	1
Head of Facilities & Assets (SLT)	1
Head of Planning, Performance & Governance (SLT)	1
Area Commanders (SLT)	7
Group Commanders & Assistant Group Commanders	17
Station Commanders	Completed – appointments to be made in 2018
Watch Commanders	Commenced and will be completed in 2018-19
Crew Commanders	Commenced and will be completed in 2018-19
Firefighters – Wholetime (Full-Time)	Trainee Course 01/2018 – 28 Trainee Course 02/2018 - 31
Firefighters – Retained (On-Call)	35 (across 14 Stations)
Regional Control Centre Personnel	3
Support Staff Roles	8

\*CMT – Corporate Management Team/SLT – Strategic Leadership Team

## **Firefighter Recruitment**

The largest recruitment exercise undertaken by NIFRS is for Wholetime Firefighters and during 2017-18 a Wholetime Firefighter recruitment campaign was completed. With almost 5,000 applications, 169 people were selected following a challenging recruitment process, to form the merit list. The first 2 intakes of new Trainee Firefighters started their training at the LDC in January and March 2018. The planned programme of recruitment for Community (Retained) Firefighters continued. 35 appointments were made across 14 Retained Stations. The appointment rate for women was 22.8%, exceeding the agreed target of 10% of applications to be from women.

## **Firefighter (Controls) Graduation**

14 new Firefighter (Controls) for RCC graduated in March 2018. Graduation certificates and awards were presented by CFRO Gary Thompson and Chairperson Carmel McKinney. Firefighter (Controls) Claire Costello won the Top Trainee award and Firefighter (Controls) Chris White was runner up.

## **Employee Engagement and Recognition**

With a workforce of 2,031 people spread over 70 sites (Stations, Districts, Areas, LDC and Headquarters) NIFRS uses a variety of channels to communicate and engage with its employees including CMT employee engagement sessions, a staff e-zine and the Chief's Blog. One of the core values of NIFRS is 'Supporting Our People' and the annual Employee Awards recognises the contribution individuals and teams have made to public safety and NIFRS.

The 2017 Employee Awards winners were:

### **Chief Fire & Rescue Officer's Award**

Watch Commander Terry Canning – for his rescue of a fellow runner during the Boston Marathon

### **Chairperson's Community Award**

Assistant Group Commander David Harbinson – for his community engagement work in Belfast

### **Outstanding Achievement – Team**

Lurgan Station – for the Emergency Medical Response pilot with NIAS

### **Outstanding Achievement – Individual**

Audrey Harvey, Capital Accounting Technician – for her role within the Finance Department

### **Operational Performance Award - Wholetime Watch**

Blue Watch, Westland Station

### **Operational Performance Award – Retained Station**

Larne Fire Station

### Chief Fire & Rescue Officer Commendations

- Firefighter Cathal Donnelly & Firefighter Peter Cassidy - Specialist Rescue Team for a water rescue;
- Red Watch, Newry – for a house fire rescue;
- Enniskillen Retained Firefighters – for a RTC rescue; and
- Firefighter (Controls) Elizabeth Magee – for 999 call management.

The Long Service & Good Conduct Medal was presented by the Lord Lieutenant for the Co Borough of Belfast, Mrs Fionnuala Jay-O'Boyle CBE, with 48 Operational personnel eligible to receive the Medal. 4 Support Staff received their Long Service Award for 20 years' service and Watch Commander John McGuigan, Irvinestown Station and Crew Commander Peter O'Hare from Downpatrick Station received their 40 year Award.

NIFRS staff received external recognition in a number of local and national awards. Winners included:

- Watch Commander Terry Canning – Spirit of NI Awards (Sport);
- Crew Commander Clive Hamilton – National Control Room Awards (Community Champion);
- Board Chairperson Carmel McKinney – Forward Ladies National Awards (Inspiring Leadership);
- Board Chairperson Carmel McKinney - Women in Business Awards (Outstanding Management/Leadership);
- Eastern Area Command – Dementia Friendly Awards (Large Organisation of the Year);
- Firefighter Noel McKee – Excellence in Fire & Emergency Awards (Outstanding Contribution);
- Watch Commander Roy McAllister - NI Road Safety Awards (Emergency Services);
- Watch Commander David Denvir - British Empire Medal (BEM); and
- Firefighter Michael Cecil - Order of the British Empire (OBE).

### Learning and Organisational Development

Keeping people safe and well trained is an organisational core value. Ongoing training, career development and lifelong learning are important in NIFRS to ensure staff are adequately trained and skilled to meet organisational objectives.

9,222 training days were centrally delivered in 2017-18 across a range of core operational training - breathing apparatus, road traffic collision, casualty care, Retained Duty System trainees, compartment firefighting training, working at height, emergency fire appliance driving and operation, incident command - to other types of training on community protection and fire safety, health & safety and management development and business skills. This was a 4.3% increase in centrally delivered training days from 2016-17.

### Trainee Firefighters

The LDC undertook 2 Wholetime Trainee Firefighter courses. Course 01/2018 started in January 2018 with 28 new Trainees and in March 2018, Course 02/2018 started with 31 Trainees. These are first Wholetime Trainee Firefighter courses since 2014 and once the Trainees complete their training and graduate they will be posted to Stations across NI. Training was delivered to new Retained Firefighters who are posted at 14 different Stations.



## **New Incident Command Training Facility**

The new Incident Command training facility at LDC was opened in September 2017 and is used to train and assess operational personnel from Crew Commander through to the Chief Fire & Rescue Officer. A virtual reality software programme enables the creation of scenario incidents comparable with the risk profile. The Incident Command Team can build realistic and interactive scenarios ranging from a house fire to a major multi-agency incident.

## **Quality & Continuous Improvement Team**

In 2017, LDC introduced a new Quality & Continuous Improvement Team to develop, implement and review quality and improvement strategies within the Learning & Development function. In 2017-18 the Team made significant progress in standardising operational training across NIFRS. A new desktop platform called the “Beehive” was created and is a centralised operational competency tool based on the elements of the National Fire Professional Framework. This work lays the foundation blocks for the new NIFRS Learning Management System (LMS) which is to be introduced in 2018-19.

## **Learning Management System**

One of the objectives in the Learning & Organisational Development Strategy 2015-2020 is the introduction of a new LMS. This recognises there is a need to ensure greater use of technology to support learning and organisational development to ensure a more innovative and efficient approach to learning management.

LMS will replace the current recording and reporting systems for learning and organisational development with one centralised learning platform. Recognising that the previous one size fits all model of the past is no longer suitable to address the development and learning needs of a diverse workforce with a number of duty systems covering a large geographical area. LMS will utilise intuitive technology and be available to staff 24 hours a day, 7 days a week to support learning and development along with providing access to materials and media to assist in the transition to a new, more efficient model of training. By using images, demonstration videos and audio in the online training, learning is brought to life by simulating real situations that Firefighters will have to deal with.

LMS will support all staff learning and will offer a diverse range of on-line learning modules to cover a range of topics such as leadership and management development, performance management, managing projects, supporting and managing teams. The engaging e-learning content will also include a range of soft skills, supporting the formal classroom based training already in place. The new LMS will be launched in 2018/19.

## **Revising the Training Curriculum**

In preparation for the move to the new LDC at Desertcreat, LDC personnel have been revising the training curriculum to enable the breathing apparatus and compartment fire (live burn) training to take place in the new tactical firefighting facility. LDC staff are an integral part of the Project Team for the new LDC and are working to help inform the business case for Phase 2 which will involve moving the remainder of NIFRS training to the new LDC at Desertcreat.

## **Equality & Inclusion**

Implementation of Section 75 and Schedule 9 of the Northern Ireland Act 1998 continued to be a priority for NIFRS. The HR Equality, Inclusion & Legal Team (EIL) attended training delivered by the Equality Commission on 'Public Sector Section 75 Duties'. NIFRS also contributed to the Equality Commission's engagement group on Section 75 with a focus on emerging issues from implementation practice across the public sector, to coincide with the 20<sup>th</sup> anniversary of the signing of the Good Friday Agreement.

The Equality & Inclusion Steering Group (EISG) is chaired by the Chief Fire & Rescue Officer who is also the Equal Opportunities Officer for NIFRS. EISG is developing activities to bring about evidential change in culture and under-representation in the organisation and has developed 4 workstreams to enable this: 'Widening Participation'; 'Developing a Culture of Equality and Inclusion'; 'Promotion and Support of Equality and Inclusion' and 'Delivering a Service Ensuring Equality and Inclusion'.

'Equality & Inclusion and Dignity at Work Awareness' training was delivered by the EIL Team as part of the induction process to all new Operational personnel – Wholetime and Retained Firefighters and Regional Control Centre.

NIFRS continues to promote firefighting as a viable career option for women and other minority groups through different outreach events. 13 careers events were attended by NIFRS throughout 2017-18 to encourage young people to consider firefighting as a career. The 2017 Wholetime Firefighter recruitment campaign received 12% of applications from women, exceeding the agreed target of 10%.

To mark International Women's Day on 8 March, NIFRS profiled some of its women 'trailblazers' across its social media channels including Firefighter Heather Smart, the first female Firefighter in NI.

NIFRS developed a new policy to help promote disability equality. NIFRS Reasonable Adjustments Policy (January 2018) supports the Disability Discrimination Act 1995, and supports current employees and job applicants with disabilities or specific learning difficulties and who may require consideration of adjustments to recruitment and selections processes or in the day-to-day workplace. The Reasonable Adjustments Policy supports the work carried out by the newly formed Reasonable Adjustment Panel who meet to consider adjustments for employees and job applicants.

## **Health and Wellbeing**

To provide the best support to NIFRS employees the Occupational Health Team and other nominated staff from across the organisation undertook some specialist training on key health and wellbeing issues. These included:

- Wellness Recovery Action Plan (WRAP);
- Suicide Awareness;
- Mental Health First Aid; and
- Trauma Awareness.

The NIFRS Occupational Health Practitioner delivered awareness training on Post Traumatic Stress Disorder (PTSD) to Group Commanders (Personnel & Training) and other relevant staff.

A new staff Health and Wellbeing dashboard containing important information and signposting on a number of health and wellbeing topics was developed and is available to access from the homepage on all NIFRS PCs.

In May 2017 NIFRS, together with 2 local charities, Northern Ireland Chest Heart & Stroke and MindWise (a mental health charity), launched the 'Healthy Body, Healthy Mind' initiative to help raise awareness of the importance of keeping both your mental and physical health in good shape. Through a partnership agreement, the charities and NIFRS pledged to work together to promote mental and physical wellbeing amongst NIFRS staff and the wider community.

MindWise gave presentations to staff on mental health awareness and a number of high profile awareness raising events were held throughout the year to draw the public's attention to the 'Healthy Body, Healthy Mind' initiative. One such event was the 68 Station-2-Station cycle which included 2 school visits each day to deliver a physical and mental health awareness talk to young people.

## **Strategic Objective 4: Effective Governance, Performance and Improvement**

### **Aim:**

We will ensure effective governance, performance management, risk and accountability and that the Service is continually improving to deliver its services economically, effectively and efficiently.

### **Outcomes:**

#### **Organisational Restructuring**

NIFRS continued to progress with organisational restructuring. The HSC Leadership Centre was appointed to carry out the Area and District Command structural review and the NIFRS Board also asked the Review Team to carry out a review of the CMT structure. Employee feedback sessions and benchmarking against other similar sized UK Fire & Rescue Services to understand other models of service delivery, best practice and synergies was concluded by the Review Team. A report on the Corporate Management Team structural review was prepared for the NIFRS Board and DoH at the end of 2017-18. It is anticipated that the Area and District Review report will be completed in early 2018-19.

New structures for Service Support, Finance and Planning, Performance & Governance Departments were approved in 2017-18. A number of vacancies across Support Directorates were filled during the year as the new structures have progressed. The restructure of the Finance Department included outsourcing of procurement functions to BSO and this is due to take effect during 2018-2019. It is anticipated that all organisational restructuring will be completed by the end of 2018-19.

#### **Transformational Change - Business Improvement Recommendations**

NIFRS continued with the implementation of 13 Business Improvement Projects covering the following key areas:

- Contract Management;
- Corporate Communications;
- Estates, Capital and Facilities Management;
- Financial Management;
- Fuel, Vehicle & Equipment;
- Governance;
- Human Resources Advisory;
- Human Resources Training & Development;
- Information Management;
- Information Technology Management;
- Operations and Prevention & Protection;
- Planning & Performance Management; and
- Stock & Inventory Management.

The primary aim of each project is to improve future service delivery whilst also addressing a large number of historical audit recommendations.

Significant progress has been made in terms of internal audit recommendations throughout 2017-18. At year-end BSO Internal Audit reviewed the implementation of accepted outstanding Priority One and Two Internal Audit recommendations, where the implementation date has now passed and confirmed that 355 (77%) of the outstanding 459 recommendations examined were fully implemented, a further 102 (22%) were partially implemented, and 2 (1%) were not yet implemented.

In respect of the 2012 external report recommendations related to a series of whistleblowing allegations, progress against recommendations is independently verified by an Auditor from DoH Internal Audit Department. In March 2018, following consideration of evidence provided against outstanding recommendations, DoH confirmed that all outstanding legacy recommendations could be closed.

Throughout 2017-18 the NIFRS Board continued to actively monitor progress on each Business Improvement Project, using Board Business Improvement Information days, and at year-end, the only historical recommendations moving into 2018-19 relate to longer term projects; implementation of structural reviews; and/or a requirement for IT or other capital investment.

### **Information Management**

NIFRS continued to prepare for the new General Data Protection Regulations (GDPR), whilst continuing to make improvements across the organisation in regards to all aspects of Information Management. An Information Management Action Plan was developed and some of the achievements made in 2017-18 include:

- Information Management Training - key members of staff received training in key risk areas tailored to specific business needs;
- Information Asset Owner (IAO) Training – a specific training course was provided covering how key information assets across the organisation are to be protected, managed and maintained;
- Information Management Group (IMG) - key staff members from across NIFRS regularly meet under the auspices of this Group. This Group takes the lead on all Information Management matters within NIFRS;
- New Policy and Procedures - NIFRS continued the process of reviewing and strengthening core policies and procedures within NIFRS in regards to all aspects of Information Management; and
- Privacy by Design - The Information Commissioners Office (ICO) guidance on the concept of Privacy by Design is now being applied such that information privacy is considered at the planning stages of all new projects that NIFRS may undertake.

NIFRS will continue to implement the Information Management Action Plan during 2018-19.

### **Public Feedback**

NIFRS issues 2 surveys to the public each year to measure performance.

## **Operational Incident Survey**

1,202 surveys were issued in the year to March 2018 with a 15.5% response rate. 98% of respondents rated their overall experience of NIFRS at their incident as good or excellent.

87 respondents requested to be added to the NIFRS Consultation database and 82 respondents asked to be added to a case-study database as they would be willing to share their experience to help promote safety campaigns.

## **Fire Safety Audit Survey**

The Fire Safety Audit Survey was issued to 500 businesses/organisations that recently had a fire safety audit. There was a 30% response rate and the main findings were:

- 46% of respondents said the survey was completed within one working day of being contacted by NIFRS;
- 73% of respondents said it would be beneficial to have a joint inspection involving all enforcing authorities;
- 99% of respondents stated the inspection caused minimal disruption to their business; and
- 100% of respondents stated they were satisfied with the service provided during the Fire Safety Audit process.

## **Comments, Complaints and Appreciations**

NIFRS records the Comments, Complaints and Appreciations received.

	<b>2016-2017</b>	<b>2017-2018</b>	<b>% Difference</b>
Complaints Total	45	45	0%
Formal	2	1	-50%
Informal	43	44	+2%
Appreciations	331	1,237	+273%
Comments/Queries/Suggestions	28	22	-21%

Complaints can be made by phone, in writing, in person or via NIFRS website ([www.nifrs.org/contact-us](http://www.nifrs.org/contact-us)). All Complaints are investigated by NIFRS under the Customer's Charter Complaints Procedure.

If local action does not resolve the complaint, the matter can be referred to NIFRS Complaints Officer. Having received a complaint and provided an acknowledgement within 5 working days, NIFRS will normally issue a written response within 15 working days. For more complex issues, which may take longer, the complainant will be kept informed of progress with the investigation. All complaints are investigated thoroughly, dealt with impartially and in confidence. However if the matter has not been dealt with to the satisfaction of the complainant further recourse to the NI Ombudsman is available.

**Signed:** \_\_\_\_\_ **(Accounting Officer)**

**Date:** 26 June 2018

## **SECTION 2 – ACCOUNTABILITY REPORT**

### **2.1 Corporate Governance Report**

#### **DIRECTORS' REPORT**

##### **Organisational Structure**

##### **NIFRS Board**

The strategic direction, performance and scrutiny of NIFRS is overseen by NIFRS Board, a body which was established under The Fire and Rescue Services (Northern Ireland) Order 2006. It is a non-departmental public body, with DoH as its sponsoring Department. NIFRS Board is appointed by the Health Minister and comprises a non-executive Chairperson and 10 non-executive Members, 4 of whom are District Councillors and the remainder are Lay Members. The Chief Fire & Rescue Officer is also a member of NIFRS Board.

Membership of NIFRS Board as at 31 March 2018:

- Ms Carmel McKinney – Chairperson;
- Mr Ken Henning – Vice-Chairperson;
- Mr Gary Thompson - Chief Fire & Rescue Officer;
- Mr Jim Barbour;
- Mr Gordon Smyth;
- Cllr Cadogan Enright;
- Cllr Robert Irvine; and
- Cllr Peter Martin.

During 2017-18 there were a number of vacancies within the NIFRS Board. As a result Committee structures were revised to ensure continuity. New Board appointments were announced by DoH effective from 1 May 2018 to bring the NIFRS Board up to full quota.

##### **NIFRS Corporate Management Team**

CMT is responsible for the overall management and strategic direction of NIFRS and is accountable to NIFRS Board.

CMT as at 31 March 2018:

- Mr Gary Thompson, Chief Fire & Rescue Officer;
- Mr Alan Walmsley, Assistant Chief Fire & Rescue Officer (Director of Community Protection);
- Mr Michael Graham, Assistant Chief Fire & Rescue Officer (Director of Service Support);
- Mr Mark Deeney, Interim Assistant Chief Fire & Rescue Officer (Director of Operations);
- Mr David Moore, Director of Human Resources (interim responsibility for Finance & IT); and
- Wendy Thompson, Interim Director of Finance (secondment from BSO).

A number of changes took place within CMT during the year:

- Mrs Liz Cuddy resigned as Director of Planning Performance & Governance on 22 May 2017 and this role was split across the Directors of Operations, Service Support and Human Resources;
- Mrs Josephine Kelly resigned as Director of Finance on 7 August 2017. The role was subsequently held by Mr Andy Mills (14 August – 22 December 2017) and more recently by Mrs Wendy Thompson on a part-time secondment role (25 January onwards); and
- Assistant Chief Fire & Rescue Officer, Dale Ashford, retired as Director of Operations on 19 May 2017. This role was subsequently held by Mr Maurice Rafferty (19 May – 26 November 2017) and by Mr Mark Deeney (27 November 2017 onwards).

### **Register of Interests**

On appointment, Board Members and members of CMT are required to declare any personal, financial and business interest which may conflict with their role within NIFRS. All are required to declare this information on an annual basis and to amend as necessary if circumstances change during the year. These Declarations of Interests are maintained and monitored by the Business Assurance Unit within the Operations Directorate.

No interests were declared which might conflict with Board responsibilities.

The Director of Planning, Performance & Governance (resigned 22 May 2017) declared a link to the Directors of Graham Facility Management. During the year ended 31 March 2018, NIFRS made direct payments of £460,509 (2016-17: £240,064) to this company. The Director of Planning, Performance & Governance had no dealings with the contract management arrangements.

No other interests were declared which may conflict with CMT responsibilities.

### **Pension Obligations**

NIFRS participates in the Northern Ireland Local Government Pension Scheme (NILGOSC) for the majority of non-uniform and Regional Control Centre staff. This is a defined benefit pension scheme. The assets are accumulated in the scheme, which is multi-employer, and are held separately from the assets of NIFRS. Details on the Pension Obligation are set out in Note 16 to the Statement of Accounts and additional information is set out in Accounting Policy 1.19.

Details of the NIFRS Firefighters' Pension Schemes are set out in separately published Pension Accounts.

### **Personal Data Related Incidents**

NIFRS is committed to the control, management and security of information in line with the 8 principles of data protection as outlined in the Data Protection Act 1998; and to the adherence of guidance set by the Information Commissioner's Office (ICO). There were 2 potential personal data breaches investigated during 2017-18 however none required referral to the ICO.



## **Charitable Donations**

No charitable donations were made which resulted in financial expenditure in 2017-18. No charitable donations were made in 2016-17.

## **Prompt Payment**

DoH requires that NIFRS pay their trade creditors in accordance with the Better Payments Practice Code and Government Accounting rules. In 2017-18 NIFRS paid 88% of trade creditors within the 30 day target (2016-17: 95%) and 67% of trade creditors within the 10 day target (2016-17: 84%). Full details are disclosed in Note 14 of the Annual Accounts.

## **Disclosure of Information to Auditor**

As far as the Accounting Officer is aware, there is no relevant audit information of which NIFRS' auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

## **Auditors' Remuneration**

The Comptroller & Auditor General was appointed statutory auditor from 1 April 2003 following the Audit & Accountability (Northern Ireland) Order 2003. He is the Head of the Northern Ireland Audit Office (NIAO) and he and his staff are wholly independent of NIFRS, reporting their findings to the NI Assembly.

The cost of the audit for the year ended 31 March 2018, which pertained solely to the audit of the Annual Accounts, was £58k. Details are recorded in Note 3 of the Annual Accounts.

## **Certificate of Accounting Officer**

I certify that the Annual Report and Accounts and Notes to the Accounts (pages 97-168) of NIFRS have been compiled from, and are in accordance with, the accounts and financial records maintained by NIFRS and with the Accounting Standards and Policies for Non-Departmental Public Bodies approved by the Department of Health.

**Signed:** \_\_\_\_\_ **(Accounting Officer)**

**Date:** 26 June 2018

## **Statement of Accounting Officer's Responsibilities**

Under Article 3 (15) of The Fire and Rescue Services (Northern Ireland) Order 2006, the Department of Health has directed the Northern Ireland Fire & Rescue Service (NIFRS) to prepare for each financial year a Statement of Accounts in the form and on the basis set out in the Accounts Direction. The Annual Accounts are prepared on an accruals basis and must provide a true and fair view of the state of affairs of NIFRS, of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year. In preparing the Annual Accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- Observe the Accounts Direction issued by DoH including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in FReM have been followed, and disclose and explain any material departures in the Annual Accounts;
- Prepare the Annual Accounts on the going concern basis, unless it is inappropriate to presume that NIFRS will continue in operation;
- Keep proper accounting records which disclose with reasonable accuracy at any time the financial position of NIFRS; and
- Pursue and demonstrate value for money in the services NIFRS provides and in its use of public assets and the resources it controls.

The Permanent Secretary of DoH, as Accounting Officer for Health Service resources in Northern Ireland, has designated the Chief Fire & Rescue Officer as the Accounting Officer for NIFRS. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NIFRS assets, are set out in the Accountable Officer Memorandum, issued by DoH.

## **Governance Statement**

### **1 Introduction/Scope of Responsibility**

The Board of the Northern Ireland Fire & Rescue Service (NIFRS) is accountable for internal control. As Accounting Officer and Chief Fire & Rescue Officer of NIFRS, I have responsibility for maintaining a sound system of internal governance that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am responsible in accordance with the responsibilities assigned to me by the Department of Health (DoH).

### **Accountability Arrangements**

NIFRS, through its Board and Officers, is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

NIFRS, as a Non-Departmental Public Body, is accountable to the DoH for all its actions and specifically the roles and responsibilities laid out in the agreed Management Statement and Financial Memorandum – July 2017 (MSFM). This accountability is managed through day to day interaction with the Public Safety Unit (PSU) and more formally via Ground Clearing and Accountability Meetings scheduled throughout the year. DoH representatives are also invited to all NIFRS Board and Audit, Risk & Governance Committee (AR&GC) Meetings.

During 2017-18 NIFRS worked with the Business Services Organisation (BSO), another Arms-Length Body (ALB), in a number of areas as follows:

- BSO Internal Audit provided Internal Audit Services to NIFRS and a Service Level Agreement was in place for the full financial year;
- BSO PaLS provided CoPE expertise to NIFRS and a Service Level Agreement was in place for the full financial year;
- The majority of NIFRS IT staff transferred, via TUPE arrangements, to BSO Information Technology Services, and a Service Level Agreement was in place for the full financial year;
- Throughout the year NIFRS reported all suspected or potential frauds through BSO Counter Fraud & Probity Services. NIFRS are currently liaising with BSO Counter Fraud & Probity Services regarding the provision of training in future years; and
- HSC Pension Service provided pension advice and expertise to NIFRS. A Service Level Agreement was in place for the full financial year.

### **Partnership Working**

Partnerships are the process which brings together diverse groups to agree means of achieving specific objectives, sharing benefits and risks through the application of their particular skills and resources. More specifically, common objectives can be pursued, benefits maximised, risks reduced and relevant skills and resources used to best effect.

The increased emphasis on partnership working and the opportunities on offer are welcomed by NIFRS who have been actively engaged in shared projects with public and private partners for a number of years.

NIFRS' approach to partnership working involves looking at broadening the definition surrounding our objectives, for example, from reducing accidental dwelling fires to improving home safety, from reducing deliberate fire setting to dealing with anti-social behaviour or discouraging children and young people from 'risk taking behaviour'.

During 2017-18 there was increased collaboration between NIFRS and HSC in respect of domiciliary care and sensory support across Northern Ireland.

Examples of other current public sector strategic partnerships include:

- Agriculture, Environment & Rural Affairs (DAERA);
- Northern Ireland Environmental Agency (NIEA);
- Environment & Heritage Service (EHS);
- Forest Service;
- Her Majesty's Revenue & Customs (HMRC);
- Maritime & Coastguard Agency (MCA);
- Northern Ireland Ambulance Service (NIAS);
- National Trust;
- Public Records Office Northern Ireland (PRONI);
- Air Support Unit;
- Police Service of Northern Ireland (PSNI);
- National Museums Northern Ireland (NMNI);
- Libraries NI;
- Youth Justice Agency; and
- Health & Safety Executive Northern Ireland (HSENI).

NIFRS also has a number of local/operational partnerships including but not limited to:

- Belfast City, Belfast International, St Angelo Enniskillen and City of Derry Airports;
- Dublin Fire Service;
- Leitrim Fire Service;
- Cavan Fire Service;
- Donegal Fire Service; and
- Louth Fire & Rescue Service.

All of the above partnerships are fully documented through Memoranda of Understanding and/or agreed Inter-Agency Response Plans.

## **Fraud**

NIFRS takes a zero tolerance approach to fraud in order to protect and support our key public services.

We have put in place an Anti-Fraud Policy and Fraud Response Plan to outline our approach to tackling fraud, define staff responsibilities and the actions to be taken in the event of suspected or perpetrated fraud, whether originating internally or externally to the organisation.

Our Fraud Liaison Officer (FLO) promotes fraud awareness, co-ordinates investigations in conjunction with the BSO Counter Fraud and Probity Services (CFPS) team and provides advice to personnel on fraud reporting arrangements.

Key staff groups are provided with mandatory fraud awareness training in support of the Fraud Policy and Fraud Response plan, which are kept under review and updated as appropriate every five years. NIFRS are currently working with BSO CFPS to secure access to their e-learning platform. Once this access is in place fraud awareness training will become mandatory for all staff.

## **EU Exit**

NIFRS is actively scoping the potential impact of a 'no deal' outcome from the UK-EU negotiations on the services it provides, in line with the information provided by the Department of Health. The process will continue to be refined as more clarity emerges on the detail of the final agreement.

## **2 Compliance with Corporate Governance Best Practice**

NIFRS applies the principles of good practice in Corporate Governance and continues to further strengthen its governance arrangements. NIFRS does this by undertaking continuous assessment of its compliance with Corporate Governance best practice by:

- Internal and external audit reports;
- Self-assessment documents covering Board and Audit, Risk & Governance Committee effectiveness; and
- Completion of Controls Assurance Standards.

Good governance best practice requires Boards to carry out a board effectiveness evaluation annually, using the Board Self-Assessment Template, with independent input at least once every 3 years.

During October 2017 BSO Internal Audit carried out an independent review of Board Effectiveness. This is the first audit of Board Effectiveness performed in NIFRS.

The objectives of this audit were:

- To ensure that NIFRS has an appropriately functioning and effective Board; and
- To ensure that the DoH Board effectiveness checklist has been completed with appropriate evidence available to support the scores being awarded.

In addressing these objectives, and to ensure alignment with the Northern Ireland Audit Office (NIAO) Board Effectiveness Best Practice Guide, Internal Audit obtained and reviewed all relevant policies and procedures relating to governance within NIFRS, including the NIFRS Standing Orders, Standing Financial Instructions, and Scheme of Delegation. Board Minutes and papers for all Board Meetings since January 2017 were reviewed as well as the Terms of Reference and minutes of relevant Standing Committees and how these report to the Board. A survey was also issued to all Board Members and CMT members asking for their views on the effectiveness of the Board.

Internal Audit provided satisfactory assurance in relation to Board Effectiveness and confirmed that there were no significant findings that impacted on the assurance provided. In addition, BSO Internal Audit carried out a Governance Audit in March 2018. This also received satisfactory assurance.

The Board Effectiveness and Governance Audits highlighted the need for action in respect of the following:

- Completion of the action plan arising from the Board Governance Self-Assessment 2016-17 – anticipated date of completion September 2018;
- Appointment of new Members to vacancies on the NIFRS Board - complete 1 May 2018;
- Performance and Quality are not listed explicitly on Board Agendas as standing items – anticipated date of completion September 2018;
- Outcomes of the Member survey should be considered by CMT and the Board with action taken where appropriate – anticipated date of completion September 2018; and
- An annual report on the work of AR&GC is presented to the NIFRS Board for their consideration – anticipated date of completion 26 June 2018.

In October 2012, a series of external reports were issued following the investigation of a number of whistleblowing allegations. Progress against recommendations was overseen internally by AR&GC and independently verified by the DoH Internal Audit Department. In March 2018, following consideration of evidence provided against outstanding recommendations, DoH confirmed that all outstanding legacy recommendations could be closed.

### **3 Governance Framework**

In discharging this accountability, Board Members and Senior Officers are responsible for putting in place proper arrangements for the governance of NIFRS' affairs and the stewardship of the resources at its disposal. To this end, NIFRS has approved and adopted a Corporate Governance Framework which is consistent with the principles and reflects the requirements of the Good Governance Standard for Public Services. The Corporate Governance Framework is underpinned by a number of documents including but not limited to:

- NIFRS Standing Orders;
- NIFRS Standing Financial Instructions;
- NIFRS Scheme of Delegation; and
- NIFRS Schedule of Matters Reserved for Board Decisions.

In addition, the Assurance Framework outlines roles, responsibilities and reporting requirements with respect to achievement of corporate objectives through planning and management of risk.

NIFRS is committed to fulfilling its responsibilities in accordance with the highest standards of good governance, underpinned by the ethical behaviour of Officers and Members.

The NIFRS Corporate Governance Framework has been in place for the duration of the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

The key organisational structures which support the delivery of corporate governance in NIFRS comprise:

- NIFRS Board;
- NIFRS Board Committees;
- Chief Fire & Rescue Officer; and
- Corporate Management Team.

## **NIFRS Board**

The Fire and Rescue Services (Northern Ireland) Order 2006 established the NIFRS Board to replace the Fire Authority for Northern Ireland from 1 July 2006. The full Board complement comprises of a Non-Executive Chairperson, the Chief Fire & Rescue Officer and 10 Non-Executive Members, 4 of whom are District Councillors.

The Chairperson and Board Members are appointed by the Minister for a period of no more than 4 years in line with the guidance of the Commissioner for Public Appointments for Northern Ireland. The make-up of the NIFRS Board did not change during 2017-18.

NIFRS Board provides leadership, vision and strategic direction to the management of NIFRS operations, staff and financial systems. The detailed functions, duties and powers of the NIFRS Board are set out in The Fire and Rescue Services (Northern Ireland) Order 2006 and the roles of the Chairperson of the Board and its Members are further set out in the Management Statement between the DoH and NIFRS which was last updated in July 2017.

The Management Statement states that:

*“Board Members have corporate responsibility for ensuring that the Board complies with any statutory or administrative requirements for the use of public funds and fulfils the aims and objectives set by the Minister and for promoting the efficient and effective use of staff and other resources”.*

Other responsibilities of the Board include:

- Ensuring that high standards of corporate governance are observed at all times, including using the Board’s Audit, Risk & Governance Committee to address the key financial and other risks facing the organisation;
- Ensuring that DoH is kept informed of any changes which are likely to impact on the strategic direction of the Board or on the attainability of targets, and determining the steps needed to deal with such changes;
- Ensuring that the Board receives and reviews regular financial information concerning its management, is informed in a timely manner about any concerns relating to its activities, and provides positive assurance to DoH that appropriate action has been taken on such outcomes;
- Establishing the overall strategic direction of NIFRS within the policy and resources framework agreed with DoH;
- Ensuring that NIFRS fully meets its aims and objectives as efficiently and effectively as possible by scrutinising and challenging performance against targets, the risks faced by NIFRS and the financial management arrangements;
- Ensuring that the Board operates within the limits of its statutory authority and any delegated authority agreed with DoH, and in accordance with any other conditions relating to the use of public funds;
- Ensuring that, in reaching decisions, the Board has taken into account any guidance issued by DoH and other relevant organisations;

- Ensuring that, in the development of significant new policies, the Board consults with DoH and other relevant organisations as it considers appropriate and that copies of NIFRS policies are furnished to DoH; and
- Overseeing the appointment of the Chief Fire & Rescue Officer and all appointments at Director level and to determine all matters relating to their terms and conditions of appointment and service.

Board attendance and performance are reviewed annually as part of the Board Appraisal process. Whilst Internal Audit highlighted Board membership as a potential issue during 2017-18, all Board Meetings were quorate. Attendance at each of the 16 Board Meetings during 2017-18 was as follows:

	Jim Barbour	Cadogan Enright	Ken Henning	Robert Irvine	Peter Martin	Carmel McKinney	Gordon Smyth	CFRO(5)		Total Attendees	Board Size	% of Total
11-Apr-17 <sup>(1)</sup>	X	✓	✓	✓	✓	✓	✓	✓		7	8	87.5
11-Apr-17	X	✓ (3)	✓	✓	✓	✓	✓	✓		7	8	87.5
23-May-17	X	✓	✓	✓	✓	✓	✓	✓		7	8	87.5
23-May-17 <sup>(1)</sup>	X	✓	✓	✓	✓	✓	✓	✓		7	8	87.5
27-Jun-17	✓	✓	✓	✓	X	✓	X	✓		6	8	75.0
20-Jul-17 <sup>(1)</sup>	✓	✓	✓	✓	X	✓	✓	✓		7	8	87.5
26-Sep-17 <sup>(1)</sup>	✓	✓	✓	✓ (2)	X	✓	✓	✓ (2)		7	8	87.5
26-Sep-17	✓	✓	✓	X	X	✓	✓	✓ (2)		6	8	75.0
11-Oct-17 <sup>(1)</sup>	X	✓	✓	✓	X	✓	✓	✓		6	8	75.0
11-Oct-17	X	✓	✓	✓	X	✓	✓	✓		6	8	75.0
05-Dec-17	X	✓	✓	X	✓	✓	✓	✓		6	8	75.0
23-Jan-18 <sup>(1)</sup>	X	✓	✓	✓	✓	✓	✓	-		7	8	87.5
23-Jan-18	✓	✓	✓	✓	✓	✓	✓	✓		8	8	100
13-Mar-18 <sup>(1)</sup>	✓	✓ (2)	✓	✓ (2)	✓	✓	✓	✓		8	8	100
27-Mar-18 <sup>(1)</sup>	✓	✓	✓	✓	✓	✓	X	✓		7	8	87.5
27-Mar-18	✓	✓	✓	✓	X	✓	X	✓		6	8	75.0

(1) Special Board Meeting

(2) Not present for full meeting

(3) In and out of meeting

\* Closed Session – CFRO in attendance

- Closed Session – CFRO not in attendance

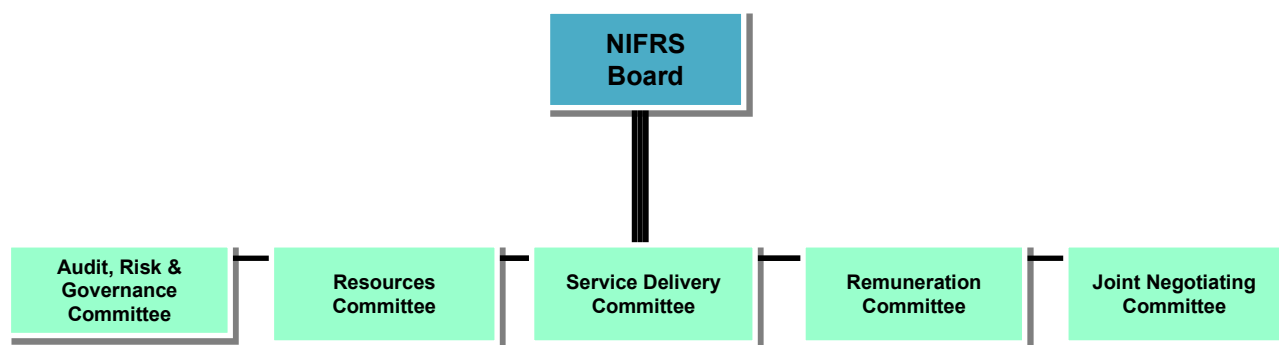


All Board Members have received a copy of the Department's Code of Conduct and Code of Accountability updated as of February 2013. Compliance with this Code is monitored by the Board Chairperson as part of each Non-Executive Board Members' annual appraisal. Throughout 2017-18, Board Members have strived to behave in a manner consistent with the behaviours expected of them and within the guidelines of the Code of Conduct & Accountability. No exceptions have been recorded.

No issues were detected in respect of Board performance during 2017-18. Further, satisfactory assurance was received in respect of the Board Effective Internal Audit undertaken in year.

#### Board Committees (to 31 March 2018)

The NIFRS Board is supported by 5 Standing Committees, all regulated by Terms of Reference contained within the Standing Orders approved by the NIFRS Board in September 2016. The Standing Orders document also provides a framework through which Board and Committee Meetings are conducted and regulated.



NIFRS has established a suitable control environment and effective internal controls that provide assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and policies. Some of the internal controls include:

- Responsibility of the Chief Fire & Rescue Officer, as Accounting Officer, for NIFRS systems of internal control;
- Establishment of 5 Standing Committees, including the Audit, Risk & Governance Committee, all of which have agreed Terms of Reference;
- The effective operation and reporting structure for the independent Internal Audit function, including the audit of the governance and risk management processes as part of the Annual Audit Plan;
- Policies which govern how business is conducted within NIFRS;
- Documentation of policy and procedures in support of all core business activities;
- Organisation-wide IT internal controls associated with core business systems of operational response, financial management, budgeting and forecasting, procurement, project management, HR management and statistical reporting;
- Quarterly Director Assurance Declarations linked to risk and covering the effectiveness of key systems and deliverables within their area of responsibility;
- Bi-annual Accounting Officer Assurance Statements to DoH;
- Regular Ground Clearing and Accountability Meetings with DoH;
- Regular Board and Budget-holder management reporting; and
- Submission of regular Departmental Returns.

Whilst no specific issues were identified with respect to Board or Committee performance during 2017-18, no formal mechanism exists for monitoring performance in Board or Committee settings. This issue was identified within the Board Self-Assessment 2017-18, and the NIFRS Chairperson is currently looking at this issue with a view to implementing a monitoring mechanism during 2018-19.

### Chief Fire & Rescue Officer

The Chief Fire & Rescue Officer of NIFRS is the Accounting Officer who through the Board has delegated authority for the day-to-day management of NIFRS. As Accounting Officer I therefore have responsibility for the overall organisation, management and staffing and for its procedures in financial and other matters including conduct and discipline. The powers and responsibilities of the Chief Fire & Rescue Officer are detailed within the NIFRS Scheme of Delegation which should be read in conjunction with the NIFRS Corporate Governance Framework.

As Accounting Officer, I am responsible to the Permanent Secretary of DoH:

- for the propriety and regularity of the public finances of NIFRS;
- for the keeping of proper accounts, for prudent and economical administration; and
- for the avoidance of waste and extravagance and for the efficient and effective use of all resources as set out in the Management Statement and Financial Memorandum between DoH and NIFRS.

### Corporate Management Team (CMT)

I chair the Corporate Management Team (CMT) which manages the day-to-day business of NIFRS and provides corporate leadership to the organisation as a whole. The CMT structure is under review and currently comprises of the Chief Fire & Rescue Officer and 6 other Directors:

- Director of Operations;
- Director of Community Protection;
- Director of Support Services;
- Director of Finance;
- Director of Human Resources; and
- Director of Planning, Performance & Governance (vacant since 22 May 2017).

### Strategic Leadership Team (SLT)

I also chair the Strategic Leadership Team (SLT) which was established during 2017-18 to improve knowledge and decision making at Strategic Leadership level. SLT currently comprises of the Chief Fire & Rescue Officer, CMT, Area Commanders and Heads of Service.

### Audit, Risk & Governance Committee

The Audit, Risk & Governance Committee is responsible for ensuring that all NIFRS financial and operating systems reflect best practice and ensure adequate safeguards against fraud and theft.

The Terms of Reference for the Audit, Risk & Governance Committee were approved by the Board on 29 April 2014 and adopted within the Standing Orders approved by the NIFRS Board in September 2016.

All Internal and External Audit reports and recommendations are presented to this Committee, along with details of any suspected/proven frauds and the quarterly analysis of corporate and directorate risk assessments.

The Business Services Organisation (BSO) was appointed as NIFRS' independent Internal Auditor and commenced work on an agreed Internal Strategy & Plan on 1 April 2014. An Annual Audit Plan is approved by the Audit, Risk & Governance Committee. The Internal Audit processes are managed in line with Public Sector Internal Audit Standards.

Three Members of the Audit, Risk & Governance Committee have been appointed as the Board Champions for Risk Management, Information Management and Business Continuity Management, and work closely with lead officers with regard to the establishment of proactive and reactive controls in these areas.

The Chairperson of the Audit, Risk & Governance Committee provides a verbal update at each Board Meeting following an Audit, Risk & Governance Committee Meeting and the minutes from meetings are provided to the full Board Meeting to ensure full disclosure.

In 2017-18 the Audit, Risk & Governance Committee carried out a self-assessment exercise using the National Audit Office's Audit Committee Self-Assessment Checklist. This exercise highlighted a number of issues which required addressing including:

- Following appointment of new non-executive directors during 2018-19, AR&GC Chairperson to ensure original AR&GC membership is reinstated and training is provided;
- Complete review of Fraud Policy & Response Plan;
- Complete review of Whistleblowing Policy & Procedure; and
- An Annual Report developed in line with section 6.5 of HM Treasury Audit Committee Handbook and covering the work of the AR&GC should be presented to the NIFRS Board for their consideration.

Plans are in place to address these issues as part of the ongoing governance review which will involve a review of key governance documents and Board information requirements. It is anticipated that this review will be completed by 31 March 2019.

#### Role of Business Services Organisation (BSO) Internal Audit

During 2017-18, BSO Internal Audit Unit (IAU) operated to standards defined in the Public Sector Internal Audit Manual (PSIAM). In line with an approved risk based audit plan BSO IAU submit regular reports to the Audit, Risk & Governance Committee. These reports include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the organisation's system of internal control together with recommendations for improvement.

### Other Standing Committees

The Resources, Service Delivery, Remuneration and Joint Negotiating Committees are responsible for monitoring and developing policies to ensure that the Board is meeting its statutory obligations in relation to all aspects of financial regularity, human resource related issues and operational service delivery and safety, all whilst ensuring systems are in place to ensure the delivery of the organisation's key objectives.

As with AR&GC, the Chairpersons of the above Committees provide a verbal update at each Board Meeting following Standing Committee Meetings; the Minutes from these meetings are also provided to the full Board Meeting to ensure full disclosure.

### Other Assurance Mechanisms

Acknowledging that each Director has a number of functions under his/her control, the resulting assurance would be weak without an assurance framework covering all functional managers. To overcome this weakness, I have established an Assurance Framework with Directors reporting to me as Accounting Officer.

In addition, the quarterly Assurance Statement Declaration looks at the following:

- General responsibilities for maintaining a sound system of control;
- Specific responsibilities as outlined in Job Descriptions or Project Initiation Documents (if in charge of a specific project); and
- Identification of all known risks via Corporate and Functional Risk Registers.

These Assurance Statements are processed through the chain of command to inform Ground Clearing and Accountability Meetings and my Governance Statement.

In addition to the above, due to the operational procedures of the Fire & Rescue Service, there is an implicit culture of risk awareness and risk assessment within the organisation which supports the internal control environment.

## **4 Business Planning and Risk Management**

Business planning and risk management is at the heart of governance arrangements to ensure that statutory obligations and ministerial priorities are properly reflected in the management of business at all levels within the organisation.

### NIFRS' Business Planning Process

Strategic planning determines where NIFRS is going over the 5 year period ending 31 March 2021, how it is going to get there and how it measures progress. The focus of a strategic plan is usually on the entire organisation, while the focus of a business plan is usually on a particular product, function, service or programme.

During 2017-18, and under the direction of the nominated Lead Director, NIFRS used a Vision/Objective based method of planning where planning was carried out using a top-down bottom-up approach. This strategic planning process involves:

- Identifying purpose (Mission Statement);
- Establishing a Vision Statement;

- Selecting the strategic aims NIFRS must reach if it is to effectively work towards its mission and achieve it;
- Identifying specific approaches (or strategies) that must be implemented to reach each strategic aim;
- Identifying specific action plans to implement each strategy (or actions to achieve each objective);
- Compiling the mission, vision, strategies and action plans into a Corporate Planning document; and
- Monitoring implementation of the Plan and updating the Plan as needed.

Top-level management, including the Board and other relevant internal/external stakeholders, were involved in developing and agreeing the existing Mission Vision and Values which were set in 2006 and are currently under review.

NIFRS use both SWOT and PEST analysis to evaluate its Strengths, Weaknesses, Opportunities, and Threats and to determine how it is affected by its environment (internal and external) in terms of Political, Economic, Social and Technological influences. This process looks at both operational and organisational drivers to determine priorities. The combination of outcomes from both processes provide a basis for the analysis of business and environmental factors in terms of what we are doing and more importantly, what NIFRS should be doing going forward. The NIFRS Board and CMT use this information to carry out a risk assessment which clearly highlights key goals for the organisation broken up by theme and actions necessary to alleviate the highest areas of risk to the organisation.

Acknowledging risk, NIFRS' strategic aims and objectives are reviewed annually by CMT who will endeavour to develop a number of parameters against which progress can be measured and reported. This is based on the premise that 'what gets measured gets done'. With this in mind, when establishing strategies and action plans, CMT will, where possible, pre-determine milestones, expected outcomes and a method of measuring actual outcomes.

The Annual Business Plan 2017-18 was generated based on the revised strategic objectives and included DoH ALB Annual Compliance Targets. A final draft Annual Business Plan 2017-18 was presented to and approved by the NIFRS Board and DoH.

Results against targets and performance measures are reported quarterly to the Board using the Balanced Scorecard approach, discussed at bi-annual Ground Clearing and Accountability Meetings with the DoH and included in the Annual Report at the year end. DoH compliance requirements are reported bi-annually using the Red Amber Green (RAG) rating process.

It should be noted that a number of tasks were not completed during 2017-18 as a result of a number of factors including, but not limited to, the impact of key vacancies, business case approval processes and the outcomes of external consultation processes. The incomplete tasks have been rolled forward into 2018-19 and include:

- Introduce day crewing to 3 Retained Duty System (RDS) locations - availability of new Wholetime recruits and completion of refurbishment works, prioritisation given to the introduction of Day Crewing at Strabane Station;

- Review RDS Availability Policy – A review of the RDS Contract pilot will take place in 2018-19 and implementation of the new Policy is dependent on successful pilot evaluation and agreement with Representative Body;
- Implement and measure new Emergency Response Standards – new Emergency Response Standards developed. Awaiting Ministerial approval to progress towards consultation exercise;
- Award the Contract for the delivery of the new Command and Control (C&C) and Integrated Communications Control System (ICCS) into NIFRS – preferred supplier identified. Awaiting full Business Case sign off prior to contract award;
- Ensure effective operational communications - replacement Mobile Data Terminal solution has undergone in-house testing which has proved inconclusive. Staged testing being discussed with supplier, and alternative solutions are being considered should further testing remain inconclusive;
- Ensure effective arrangements are maintained for call handling and associated mobilisation of NIFRS assets within set call handling times - review of Regional Control Centre (RCC) crewing framework delayed until agreement is reached with the Representative Body on the Wholtime Crewing Document;
- Implement the 2017/18 prioritised ICT replacement plan – ICT replacement plan 90% complete at year-end. Line of Business Application Review scheduled for 2018-19;
- Embed the SLA with Business Services Organisation (BSO) for Pensions Administration and implement 2017/18 Action Plan – Project Initiation Document developed for pensions software refresh and updated Business Case under development. An Action Plan for the outsourcing of pension administration has been informally agreed with BSO who have appointed a Project Manager;
- Research, procure and maintain suitable and sufficient PPE, Uniform and other consumables - work continues on bringing all stock holdings into a central store, with Communications and IT disposals being managed at present. Stock coding of Water Rescue equipment complete. Further work required within Specialist Rescue Team (SRT) and Community Protection;
- Develop effective asset management systems and processes for operational assets in line with Service Support Centre - contract for the new Management Information System awarded and Strategic Asset Management Plan developed;
- Develop effective management systems and processes for the use of vehicle and equipment and associated fuel in line with year 2 of the project plan - business case for vehicle telemetry complete and business case for bulk fuel telemetry under development. Both will be rolled-out during 2018-19;
- Develop policies and procedures in respect of environmental management aiming at reducing greenhouse gas and CO2 emissions in line with PFG - resources have recently been allocated to complete this work;
- Embed new Learning Management System throughout NIFRS - supplier in place and system to be fully embedded during 2018-19;
- Review the current NIFRS Health and Safety Strategy - due to staff shortages priority was given to maintaining existing NIFRS Health and Safety Systems. This area will be progressed during 2018-19;
- Continue to review and revise the overarching suite of governance policies, and consult as necessary in advance of implementation - training aligned to new suite of governance policies has commenced but will continue into 2018-19;
- Carry out a review of Board information – in association with the Chairperson work has commenced in determining Board information requirements;
- Deliver Year 2 of the Information Management Project Plan - introduction of SharePoint onto NIFRS network delayed until NIFRS complete the move from

Windows XP to Windows 2010. The rollout of new hardware & software is ongoing. Staff training delayed into 2018/19;

- Develop & implement strategic communication campaigns providing consistent, accurate and easily understood information across a range of communication channels to support key safety messages and projects - draft Consultation Strategy under development and subject to approval. Update of Corporate Identity Guidelines subject to completion of Vision, Mission and Values exercise;
- Develop & implement structured programme of internal communications to improve employee engagement - development of 3 year Corporate Responsibility Strategy rescheduled due to competing priorities; and
- Review and implement revised CMT structure - review of CMT complete and subject to Departmental approval.

### NIFRS' Risk Management Process

NIFRS Assurance Framework and Corporate Risk Management Strategy state how risks will be identified, evaluated, controlled and escalated. These documents also describe the ways through which risk management activities have become embedded in the activities of NIFRS.

This document links closely to the Corporate Risk Management Policy which states:

*“Risk Management is the process of identifying significant risks to the achievement of the organisation’s Strategic Aims, evaluating their potential consequences and implementing the most effective way of controlling them”.*

NIFRS is committed to establishing and maintaining a systematic approach to the identification and management of risk.

NIFRS' risk management objectives are to:

- Ensure that risk management is clearly and consistently integrated and evidenced in the culture of NIFRS;
- Manage risk in accordance with best practice;
- Anticipate and respond to changing social, environmental and legislative requirements;
- Consider compliance with health and safety, insurance and legal requirements as a minimum standard;
- Prevent death, injury, damage and losses and reduce the cost of risk;
- Inform policy and operational decisions by identifying risks and their likely impact; and
- Raise awareness of the need for risk management by all those connected with NIFRS' delivery of service.

These objectives are achieved by:

- Clearly defining the roles, responsibilities and reporting lines within NIFRS for risk management;
- Including risk management issues when writing reports and considering decisions;
- Continuing to demonstrate the application of risk management principles in the activities of NIFRS, its employees and Board Members;
- Reinforcing the importance of effective risk management as part of the everyday work of employees and Members;

- Maintaining a register of risks linked to NIFRS' corporate and operational objectives, also those risks linked to working in partnership;
- Maintaining documented procedures on the control of risk and provision of suitable information, training and supervision;
- Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence;
- Preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon NIFRS' ability to function; and
- Monitor arrangements continually and seek continuous improvement.

Risk Management within NIFRS does not equate to risk avoidance and may involve taking steps to reduce risk to an acceptable level or transferring risk to a third party.

NIFRS' risk appetite may involve one or more of the following:

- tolerating the risk and accepting the related risk;
- treating the risk in an appropriate way, such as using insurance to constrain the risk to an acceptable level or actively taking advantage of uncertainty as an opportunity to gain a benefit, eg, to change approach;
- transferring the risk via contractual obligation with a third party; or
- terminating the activity giving rise to the risk.

NIFRS Board has delegated day-to-day risk management activities to the Chief Fire & Rescue Officer/Accounting Officer and to CMT and as such we have put appropriate internal controls in place to mitigate detected risks.

The Corporate Risk Management Policy has been developed to complement and inform the business planning and environmental scanning processes which form the basis of the Strategic Planning process within NIFRS. Senior Managers are responsible for highlighting the areas of risk within their functions which may inhibit or prevent the achievement of NIFRS' mission, vision and values. Once recorded, risks are then assessed against likelihood and impact assessment tables to give an indication of overall risk; and all functional risks are then pooled. As overall resources are currently limited, CMT prioritises work based on highest risk and statutory compliance requirements.

Strategy mapping has highlighted key themes, each of which has a number of objectives and actions required. From this, projects are developed to mitigate/reduce risk and the Annual Business Plan emerges. Once agreed by CMT, the Annual Business Plan is presented to the Board who, once content, will ratify its adoption.

The Corporate Risk Register is used to assess the controls in place, the remaining gaps, the specific risks attached to the projects and mitigating controls put in place to reduce organisational risk.

Both the Annual Business Plan and Corporate Risk Register are updated on a quarterly basis and presented to NIFRS Board or Standing Committees thereof.

During 2017-18 Risk Management training was provided at Area and Functional Levels and local risk registers developed across the organisation. The resultant risk registers were subject to internal audit review as part of a recent Risk Management Audit.



## 5 Information Risk

### Data Protection and Freedom of Information

Whilst NIFRS holds some sensitive information relating to:

- Potential employees (application and equality monitoring forms);
- Actual employees (employee information extracted from application forms and equality monitoring forms, pension/payroll information, medical information, sickness details, employer/employee relations liability claims and supporting documents for disciplinary/tribunal proceedings); and
- Third parties (home fire safety audits, statutory inspections and invoice payment details) -

this information is controlled and managed in line with the General Data Protection Regulation (2018), Data Protection Act 2018 and adherence to the guidance set by the Information Commissioner's Office.

The above information is held both electronically and in hard copy and requests for information are made through the proper channels. All requests for personal information are governed by the Data Protection Policy and NIFRS Guidance on the Management of Personal Files.

The Director of Operations is the nominated Senior Information Risk Officer (SIRO) and is responsible for ensuring that compliance monitoring and reporting processes are in place, via a quarterly return made to the DoH, detailing information requests received and responded to.

In addition, by virtue of their employment contracts the Chief Fire & Rescue Officer, all Senior Managers and staff must comply with the NIFRS Code of Conduct which at paragraph 9 requires all employees "to protect official information held in confidence". This is supported by the Data Protection Policy.

In 2017-18 the Information Management Controls Assurance exercise highlighted a number of issues with respect to Data Protection and Freedom of Information within NIFRS, which resulted in an overall moderate level of assurance. The areas of significant concern noted include:

- Strategy & Policy review and updates;
- Responsibility for Data Protection/Freedom of Information at Board and local levels;
- Internal reporting of Data Protection/Freedom of Information breaches;
- Staffing within the Data Protection/Freedom of Information function; and
- Accessibility of computer hardware.

During 2017-18, there was 1 potential data protection breach investigated. This did not require reporting to the Information Commissioner but resulted in improvements in the control environment.

## Information Governance

During 2017-18 BSO carried out an Information Governance audit which resulted in a limited assurance outcome. A number of recommendations were made – See Section 8.

During 2017-18 NIFRS continued to make improvements across the organisation in regards to all aspects of Information Management. Some of the achievements made in 2017-18 include:

- Information Management Training - key members of staff received training in key risk areas tailored to specific business needs;
- Information Asset Owner (IAO) Training – a specific training course was provided covering how key information assets across the organisation are to be protected, managed and maintained;
- Information Management Group (IMG) - key staff members from across NIFRS regularly meet under the auspices of this group. This group takes the lead on all Information Management matters within NIFRS;
- New Policy and Procedures - NIFRS continued the process of reviewing and strengthening core policies and procedures within NIFRS in regards to all aspects of Information Management; and
- Privacy by Design - The Information Commissioner's Office (ICO) guidance on the concept of Privacy by Design is now being applied such that information privacy is considered at the planning stages of all new projects that NIFRS may undertake.

NIFRS will continue to implement the Information Management Action Plan during 2018-19.

## ICT Security Risks

ICT security forms part of the contractual relationship with BSO. A full audit of IT equipment was carried out along with a network security review. A security action plan was subsequently developed with a view to protecting the data contained within the NIFRS network. Work continues on the implementation of this action plan and a Disaster Recovery site is being progressed.

The ICT Security Policy is available on all desktops and staff must acknowledge the Policy every time they log onto the system. All new employees are required to read and sign a copy of the Policy as part of their induction process. In addition, during refresher courses for existing employees, this Policy is covered.

Systems access is password controlled, application owners authorise the nature and extent of user access privileges and such privileges are reviewed by application owners to ensure access privileges remain appropriate.

A process to refresh ICT issue personal devices commenced in 2017-18 and all such devices are password protected. The use of data storage devices such as USB drives is prohibited.

Software is in place to monitor email and internet traffic into and out of the organisation (taking into account data protection requirements) with reports generated and reviewed on a daily basis for potential security breaches.

In addition with regard to electronic methods of protecting the network, appropriate physical security measures are in place with regard to the central and backup server rooms.

In line with NIFRS Policy all computer equipment is recorded on the inventory lists for individual locations and checked quarterly to ensure that ICT equipment can always be accounted for.

An ICT Business Continuity Plan is in place which provides details of the procedures to be followed in order to restore ICT services in the event of an outage. This forms part of the overall NIFRS Business Continuity Plan which is updated and tested annually.

## **6 Public Stakeholder Involvement**

NIFRS has established a number of interagency partnerships and continues to use mechanisms such as:

- Advertising;
- Leaflet drops;
- Roadshows, eg, road safety;
- Demonstrations, eg, chip pan burns;
- School Education Programmes;
- Special Engagement Programmes;
- Risk Based Home Fire Safety Checks;
- Public discussion forums;
- Station open days;
- Public consultation exercises;
- Social media interaction; and
- Involvement in Community Safety Partnerships -

to help engage with external stakeholders thus allowing NIFRS to discharge its proactive engagement responsibilities in respect of firefighting, road traffic collisions and other emergencies as laid down in The Fire and Rescue Services (Northern Ireland) Order 2006.

This stakeholder engagement is used primarily to support service delivery and does not routinely result in the identification and management of risks. If risks are identified during this process they will be recorded and managed through the Corporate Risk Management Strategy, Policy & Procedure.

## **7 Assurance**

NIFRS' system of internal control is based on ongoing management and review processes introduced to minimise the impact of risks to the achievement of NIFRS' mission, aims and objectives. This system of internal control has been in operation throughout the financial year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts.

NIFRS' internal control environment is fundamental to the operation of the assurance framework and is designed to manage risk to acceptable levels. It is not possible to eliminate all levels of risk of failure in respect of NIFRS' aims and actions and accordingly NIFRS' internal controls can only provide reasonable but not absolute assurance of effectiveness.

In summary, NIFRS' Internal Control Environment includes:

- A high level vision/core purpose embedded in the service planning, delivery, risk management and performance management frameworks;
- A hierarchical management structure governed by CMT responsible for overseeing the running of the Fire Service supported by the Strategic Leadership Team (SLT) and a range of Senior Managers responsible for the day-to-day management of their respective Directorates. The above groups are supported by Area Commanders who are responsible for the delivery of all Fire Service activities to the people of their individual areas;
- A comprehensive budget setting and monitoring framework including clearly defined guidelines and responsibilities with frequent reporting of performance to the Resources Committee;
- A contracted-out Internal Audit service, meeting all professional standards, supports NIFRS in the achievement of its improvement agenda and has responsibility for the continual review of major financial controls and the wider internal control environment;
- A Corporate Governance Framework that is assessed annually by Internal Audit in terms of compliance with the Controls Assurance Standards. Progress is reported to the CMT and the Audit, Risk & Governance Committee;
- An Assurance Framework, Corporate Risk Management Strategy, Policy & Procedure, and Corporate Risk Register approved and monitored by the Audit, Risk & Governance Committee and NIFRS Board. The Assurance Framework demonstrates that risk management arrangements are robust and embedded within the service planning and decision making processes of the Board;
- Regular risk management reports are presented to the Audit, Risk & Governance Committee outlining key risks (and their relevant movements);
- Published Whistleblowing and Fraud Policies to ensure correct reporting and investigation of suspected fraudulent activities;
- An Audit, Risk & Governance Committee to oversee the work of the Internal and External Audit functions and provide independent assurance of the effectiveness of:
  - The governance arrangements of NIFRS and its services;
  - NIFRS' risk management framework and the associated control environment; and
  - NIFRS' financial management framework processes and the way this relates to the performance of individual functions and the Service as a whole; and
- Regular briefings for Members of NIFRS Board/Standing Committees on all significant financial, operational and strategic decisions.

## **Controls Assurance Standards**

NIFRS assessed its compliance with applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress was expected in 2017-18.

The organisation achieved the following levels of compliance for 2017-18:

Standard	DoH Expected Level of Compliance	NIFRS Level of Compliance	Audited by Internal Audit	Change from 2016-17
Buildings, land, plant and non-medical equipment	75% - 99% (Substantive)	67.7% (Moderate)	No	↔
Emergency Planning	75% - 99% (Substantive)	78.2% (Substantive)	No	↔
Environment Management	75% - 99% (Substantive)	55.0% (Moderate)	No	↔
<b>Financial Management (Core Standard)</b>	75% - 99% (Substantive)	79.5% (Substantive)	Yes	↔
Fire Safety	75% - 99% (Substantive)	85.3% (Substantive)	Yes	↔
Fleet and Transport Management	75% - 99% (Substantive)	87.5% (Substantive)	No	↔
<b>Governance (Core Standard)</b>	75% - 99% (Substantive)	75.7% (Substantive)	Yes	↑
Health & Safety	75% - 99% (Substantive)	86.1% (Substantive)	No	↔
Human Resources	75% - 99% (Substantive)	80.0% (Substantive)	No	↔
ICT	75% - 99% (Substantive)	77.0% (Substantive)	No	↔
Information Management	75% - 99% (Substantive)	61.1% (Moderate)	No	↔
Management of Purchasing	75% - 99% (Substantive)	81.3% (Substantive)	No	↔
<b>Risk Management (Core Standard)</b>	75% - 99% (Substantive)	83.3% (Substantive)	Yes	↔
Security Management	75% - 99% (Substantive)	54.9% (Moderate)	No	↔

Key	
↔	Unchanged Assurance
↑	Improved Assurance

The required level of assurance was achieved in all areas except:

- Buildings, Land and Equipment;
- Environment Management;
- Information Management; and
- Security Management.

Whilst a positive direction of travel was noted in all instances, when compared to 2016-17 outcomes, there was only one significant improvement (eg, movements between assurance levels) noted in the area of Governance.

The self-assessment exercise continues to highlight areas for improvement within the control environment which need to be initiated to mitigate against existing weaknesses. Action plans have been agreed in respect of those areas which failed to achieve the pre-defined minimum standard.

In terms of the 3 core standards, minimum compliance was achieved in all areas.

## 8 Sources of Independent Assurance

NIFRS obtains Independent Assurance from the following sources:

- Internal Audit; and
- Northern Ireland Audit Office.

### Internal Audit

NIFRS utilises an internal audit function which operates to defined standards and whose work is informed by an analysis of the risk to which NIFRS is exposed and annual audit plans are based on this analysis.

The Business Services Organisation (BSO) is NIFRS' independent Internal Auditor and provided this service throughout 2017-18.

BSO Internal Audit has had no executive responsibilities within NIFRS during 2017-18 and was independent of the activities that it audited, thus enabling it to perform its duties in a manner which facilitates impartial and effective professional judgements and recommendations.

In 2017-18 Internal Audit reviewed the following systems:

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE PROVIDED
<b>Finance Audits:</b>	
Non-Pay Expenditure	Satisfactory
Contract Management	Limited
Insurance & Claims Management	Satisfactory
Management of Fuel Usage	Satisfactory
Payroll	Satisfactory
Timesheets and Claims for Payment	Satisfactory
Estates Procurement & Contract Management Follow-up	Limited
<b>Corporate Risk Audits:</b>	
Information Governance	Limited
Operations Directorate	Limited
<b>Governance Audits:</b>	
Board Effectiveness	Satisfactory
Risk Management	Satisfactory
Governance	Satisfactory

During 2017-18 the Audit, Risk & Governance Committee approved the deferral of the Pensions audit. The rationale for this was that progress in enhancing control in this area had been limited and that if an audit were to be conducted during 2017-18, the audit would have presented similar findings to the last audit conducted in 2016-17 with the audit classification remaining Unacceptable as previously reported. This audit will now take place in 2018-19.

In their annual report, the Internal Auditor reported that the NIFRS system of internal control was adequate and effective.

This outcome was based on the following assessment:

“Whilst improvement in a range of areas (including Pensions, ICT, Information Governance, Inventory Management and Contract Management) is still required, appropriate governance structures are in place to address the outstanding issues and to continue to resolve the outstanding legacy audit recommendations. I would caution that further work is required within NIFRS to sustain the improvements made to date and to ensure a satisfactory framework of governance, risk management and control is sustained within the organisation going forward”.

A number of weaknesses in control were identified in a number of areas as detailed below:

Audit Title, Assurance Level & Number of Priority 1 Findings	Details of Significant Findings
Non-Pay Expenditure - no priority 1 findings  Satisfactory	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Contract Management – one new priority 1 finding  Limited	<ul style="list-style-type: none"> <li>▪ As previously reported, there is limited reporting functionality within the Procurement System: <ul style="list-style-type: none"> <li>– Contract monitoring reports, issued to Budget Holders, measure the contract value against total value of orders because there is no ability within the system to measure contract value against total contract spend.</li> <li>– Within the contract monitoring reports, the system compiles all orders generated against the contract and does not take account for any amendments such as cancelled orders and credit notes. This is therefore not a fully accurate method to monitor contract expenditure.</li> <li>– Where a supplier has a number of different contracts with NIFRS, spend for each contract cannot be easily identified/extracted against each contract from the financial system.</li> </ul> </li> <li>▪ Legal services have been acquired over a period of more than 10 years through an annual Service Level Agreement with Belfast City Council Legal Services Department. This arrangement has not been subject to any formal procurement and there is no Direct Award Contract (DAC) documentation in place for this arrangement. Annual costs are approximately £80k. There is an exemption from DACs under PGN 03/11 for public contracts between public sector entities, which satisfy a range of conditions. NIFRS has not formally undertaken an assessment however to determine whether these conditions have been satisfied.</li> </ul>
Insurance & Claims Management – one priority 1 finding  Satisfactory	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Management of Fuel Usage – no priority 1 findings  Satisfactory	<ul style="list-style-type: none"> <li>▪ None</li> </ul>

Payroll – no priority 1 findings  Satisfactory	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Timesheets and Claims for Payment – no priority 1 findings  Satisfactory	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Estates Procurement & Contract Management Follow-up – no priority 1 findings  Limited	<ul style="list-style-type: none"> <li>▪ The following issues were identified in relation to NIFRS arrangement with Properties Division (PD) who provide access to a Pan Government Estates Management Contract: <ul style="list-style-type: none"> <li>– In relation to service delivery: <ul style="list-style-type: none"> <li>– Due to resourcing and capacity issues, PD has been unable to deliver the programme of work as planned for 2017/18, resulting in NIFRS having to return capital monies to the DoH of £500k. Despite this, NIFRS has paid £118k of fees to PD for their management of this arrangement between June 2016 and October 2017.</li> <li>– Internal Audit has noted delays and postponements to station upgrade/ refurbishment work at 6 different locations. In Downpatrick Station and Limavady Station the planned work may have to be postponed until the new model of delivery is potentially put in place post August 2018.</li> <li>– PD has not provided any formal assurances to NIFRS in relation to performance and service delivery. Key Performance Indicators (KPIs) specific to NIFRS have not been developed.</li> <li>– PD has the ability to amend terms of contract with contractors. The PD contract with one company was amended, for example, to include a minimum charge to collect keys from manned stations to facilitate work at unmanned stations. This resulted in an additional charge to NIFRS of £9,174 excluding VAT, invoiced 10 months after year end for 2016/17.</li> <li>– PD are not providing assurance that the Preventative Planned Maintenance/Reactive Maintenance works have been delivered to specification as per the Local Operating Agreement; consequently NIFRS Facilities and Assets staff are duplicating PD processes to ensure work has been carried out.</li> <li>– Invoices received from PD for payment are not verified by NIFRS. Rates charged in March and April 2017 for professional fees did not agree to rates agreed with PD. (3% difference)</li> </ul> </li> </ul> </li> <li>▪ Subject to appropriate approvals being obtained, NIFRS plans to move away from this arrangement when it expires in 31 March 2018 to a new directly managed model by August 2018. As an interim measure, PD will continue to provide service until the end of July 2018. NIFRS has significant work to undertake to be ready for this new model including ensuring procurement of new contracts and ensuring that sufficient resources and skills are available within NIFRS to deliver this model.</li> </ul>



<p>Information Governance – 5 priority 1 findings</p> <p>Limited</p>	<ul style="list-style-type: none"> <li>▪ NIFRS has not yet identified and recorded all sources of information it is holding and transferring. While a cataloguing exercise to identify NIFRS' information assets, data flows and related information governance risks has been initiated, this is only 35% complete. <i>(A similar finding was previously reported in the 2014/15 Information Governance audit report).</i></li> <li>▪ In relation to governance and staffing structures: <ul style="list-style-type: none"> <li>– Three policies relating to Information Management are either in draft or are due to be revised and all 3 are still to undergo S75 screening. It is appreciated the previous versions of these policies remain live in the interim.</li> <li>– In the event of an information governance related incident occurring, there are currently no formal mechanisms in place for dealing with stakeholders such as the press, members of the public, staff or any other affected parties.</li> <li>– The current Information Manager is on a temporary secondment from BSO and this is due to finish in May 2018. There are plans to recruit a fixed term Information and Security Manager and to populate an Information Management Unit before the current manager leaves.</li> <li>– NIFRS did not achieve substantive compliance (75%) in the Information Management Control Assurance Standard in 2016/17; achieving a self-assessment score of 61%. Clear gaps in control were identified. <i>(A similar finding was previously reported in the 2014/15 Information Governance audit report).</i></li> </ul> </li> <li>▪ Whilst the roll-out of a training programme has begun, there is a significant number of staff who have not yet been trained in Information Governance and this is not expected to be completed until 2018/19. <i>(A similar finding was previously reported in the 2014/15 Information Governance audit report).</i></li> </ul>
<p>Operations Directorate – no priority 1 findings</p> <p>Limited</p>	<ul style="list-style-type: none"> <li>▪ In relation to the governance/oversight of IRMP: <ul style="list-style-type: none"> <li>– At Executive level, the Assistant Chief Fire and Rescue Officer (Operations) has been tasked with the responsibility for taking forward IRMP within NIFRS. Whilst work in this area has progressed and a long term secondment arrangement has now been established to give stability, Internal Audit notes that there have been 4 different staff members in this post over the last 2 years. This has resulted in a lack of executive level stability in taking forward IRMP.</li> <li>– Up until Sept 2017, individual Directorates and business units have been responsible for taking forward elements of IRMP. This has resulted in a lack of joined up approach to taking forward the plans. In Sept 2017 a new IRMP Programme Board was established. It is important that this Board meets on a regular basis moving forward to provide a platform for good governance for the delivery of the IRMP and to ensure a much more integrated joined up approach across all Directorates within NIFRS for the delivery of the objectives of IRMP. There is a need to develop regular performance reporting against individual objectives and associated action plans to this Board with use of RAG ratings to easily identify slippage against objectives.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>▪ In relation to NIFRS' Audit programme: <ul style="list-style-type: none"> <li>– NIFRS' Operations audit programme needs to be reviewed; there is a risk of duplication/overlap in audits and there is a need to streamline the process mindful of the resources that are available.</li> <li>– While Area Audits and District Audits no longer take place, Areas and Districts are required to complete regular point sample checks. There is confusion amongst staff regarding the completion of these particularly in respect of scoring and evidence required to be retained. Internal Audit noted 1 instance where scoring appeared inaccurate and a second instance where insufficient detail of actions to be taken to enhance control were noted.</li> </ul> </li> <li>▪ Results of all audits, including completed point sample checks, are required to be populated into an Operations Performance Inspectorate (OPI) Database. For 5 stations reviewed there was no evidence that 82 out of 169 point sample checks had been completed. 41 of these related to retained stations. A further 26 point sample checks had not been submitted in line with the required deadline, ie, within 7 days.</li> </ul>
Board Effectiveness – no priority 1 findings  Satisfactory	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Risk Management – no priority 1 findings  Satisfactory	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
Governance – no priority 1 findings  Satisfactory	<ul style="list-style-type: none"> <li>▪ None</li> </ul>

Recommendations to address these control weaknesses have been or are being implemented.

Acknowledging that 4 of the 12 audit assignments detailed above received limited assurance, and cognisant of the comments of the Internal Auditor and the age profile of some recommendations in respect of Information Governance, I as Accounting Officer, have tasked CMT with progressing the implementation of 13 existing Business Improvement Projects which will address new and outstanding recommendations, irrespective of source.

In 2015-16 and 2016-17, the Comptroller & Auditor General (C&AG) expressed concern regarding the number of outstanding recommendations and whilst not qualifying his audit opinion on the accounts of NIFRS, he decided to report on his concerns on a lack of progress in implementing a considerable number of internal audit recommendations, some of which have been outstanding for several years. In 2016-17 he stated:

“It is not acceptable for recommendations not to be addressed over several years and this may leave the NIFRS vulnerable to risks from the failure of internal control. In the coming year, I hope to see a considerable improvement in addressing the number of outstanding recommendations and I shall continue to monitor this situation.”

Over the last 3 financial years Management has reviewed existing processes, and implemented 13 Business Improvement Projects focused on reducing the volume of outstanding recommendations through improved:

- Data Capture & Interrogation;
- Reporting;
- Projects & Internal Support;
- Internal Accountability Mechanisms; and
- Verification Exercises.

Progress in each Business Improvement Project area is being monitored via formal written updates to the Audit, Risk & Governance Committee on a quarterly basis. Board level Business Improvement Workshops were also held during 2017-18.

The following movements were noted in terms of outstanding recommendations during 2017-18 -

	Number
Number of Open Recommendations 01/04/17	224
Number of Recommendations added during 2017/18 (following AR&GC approval)	108
Number of Recommendations Closed during 2017/18	(110)
<b>Total as at 31 March 2018</b>	<b>222</b>

The outstanding recommendation total includes all Audit, Risk & Governance Committee approved recommendations, irrespective of source and/or priority, and can be broken down as follows –

Source	Number		Priority			
			P1	P2	P3	NP
DID	1		0	0	0	1
PAC	1		0	0	0	1
Controls Assurance	62		0	0	0	62
Internal Audit	144		48	80	16	0
Peer Review	9		0	0	0	9
External Audit RTTCWG	5		0	0	0	5
	<b>222</b>		<b>48</b>	<b>80</b>	<b>16</b>	<b>78</b>

#### External Audit and Other Reviews

NIAO audits NIFRS under statute, with the Comptroller & Auditor General (C&AG) giving an opinion on whether:

- the financial statements are 'true and fair';
- the underlying transactions are in accordance with the NI Assembly's intentions and other relevant authorities;
- the Remuneration Report has been properly prepared;
- that information provided in the Annual Report is consistent with the Financial Statements; and
- a number of further matters on which he reports by exception, eg, adequacy of accounting records and Governance Statement compliance with guidance.

## **9 Review of Effectiveness of the System of Internal Governance**

As Accounting Officer, I have responsibility for the review of effectiveness of the system of Internal Governance. My review of the effectiveness of the system of Internal Governance is informed by the work of the Internal Auditors and the Executive Managers within NIFRS who have responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by:

- Board Reports;
- CMT procedures and associated management action;
- Financial Management reporting;
- Performance Management reporting;
- Committee reporting;
- Risk Management;
- Codes of Conduct;
- Operational Assurance; and
- Internal Audit;

and a plan to address weaknesses and ensure continuous improvement to the system is in place.

## 10 Internal Governance Divergences

### Prior Year Issues – Closed

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2008-09	Delivery & Innovation Division (DID) Report	Failure to comply with internal controls.	Due to an issue regarding Directors' Pay detected in 2008/09 the DoH commissioned the Delivery & Innovation Directorate within the Department of Finance to undertake an independent review of NIFRS which examined its performance, fitness for purpose, relationship with the Department, role of the Chair and Board, Senior Management structures, Corporate Governance arrangements, Financial and Risk Management processes. While the DID Report reflected positively on NIFRS' performance as a Service, it made 87 recommendations for change covering a number of key areas.	Outstanding DID recommendations are being managed as part of the Business Improvement process which encompasses all outstanding recommendations irrespective of source. Quarterly updates are provided to the Audit, Risk & Governance Committee and formal updates are being provided to DoH bi-annually.	<b>Closed</b> - at 31 March 2018 one DID recommendation remained outstanding. The remaining recommendation relates to the development of an intranet solution which will be progressed following completion of the replacement WAN Project.
2014-15	Procurement	NIFRS needs to review and integrate procurement activity with its CoPE whilst mitigating risk.	Following the establishment of an interim CoPE with BSO PaLS and a limited internal audit assurance in this area during 2014-15 a Procurement Review was initiated looking at future service delivery.	Whilst NIFRS works with BSO PaLS on future service provision, the established procurement provision remains unchanged and continues to be supported by CoPE arrangements that have been extended to the date of transfer of the sourcing element to BSO PaLS.	<b>Closed</b> – A Procurement Review was carried out by BSO PaLS and a decision taken to outsource the sourcing element of the procurement function.  A job analysis process has concluded and NIFRS internal staffing arrangement agreed.  NIFRS management is currently working closely with BSO PaLS to agree a transfer timeline. It is currently anticipated that sourcing

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
					activity will transfer to BSO PaLS on 1 October 2018. In the meantime interim COPE cover is in place.
2015-16	Contract Management – Minor Works Contract in Estates	Issues with respect to the management of a specific minor works contract.	<p>Internal controls identified an issue in respect of the management of a minor works project in Portrush Station. These issues were as follows:</p> <ul style="list-style-type: none"> <li>▪ A business case for £59k was drafted in August 2015 and approved by CMT;</li> <li>▪ Works were assigned under a Measured Term Contract (MTC) which allowed contractors to undertake minor works up to a value of £30k (maximum of £50k in exceptional circumstances);</li> <li>▪ In January 2016 internal checks highlighted that invoices (£186k) received from the contractor for works materially exceeded the approved business case; and</li> <li>▪ As a result of incorrectly using the MTC, the works were not procured in line with public procurement requirements in that a competitive tendering process was not carried out.</li> </ul> <p>Further, a BSO investigation confirmed a breach of procurement rules; financial control issues (accruals); and the need for retrospective Business Case and STA cover.</p>	<p>Upon discovery an internal review commenced to quantify the extent and nature of overruns on this project. The matter was raised with the Accounting Officer who brought it to the Board's attention. A revised Business Case was developed and presented to the Board.</p> <p>BSO Internal Audit conducted an independent review on the matter and produced a report outlining improvements required to prevent recurrence.</p> <p>In tandem with BSO's process review, Central Procurement Directorate Health Projects (CPD-HP), NIFRS Centre of Procurement Excellence (CoPE) for building works reviewed the works completed to ensure that the contractor had (i) completed the works to an appropriate standard; and (ii) charges were in line with the Measured Term Framework which CPD-HP had been instrumental in setting up. CPD-HP was able to provide an independent assurance that the works had been completed to an acceptable standard and that costs incurred were in line with the Framework.</p> <p>A Single Tender Action (STA) request was also submitted to CPD-</p>	<p><b>Closed</b> – A further review into the circumstances around the overrun in this minor works project was ordered by NIFRS Board. An independent investigator was appointed and a final report has been presented to the Board. The resultant recommendations and those emerging from the BSO review into the matter were considered by the Vice-Chairperson and management in November 2017 and a final paper agreed. This paper was presented to the Resources Committee on 9 January 2018 and agreement given to close this divergence with all remaining recommendations to be monitored via the existing Business Improvement process.</p>

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales									
				HP who amber rated and signed this off as the recognised CoPE. Following completion of all of the above actions the Board approved the revised Business Case and payment was made.										
2014-15	Accommodation Leases	Removed delegated authority with respect to office accommodation leases.	PEL(14) issued in August 2014 removed NIFRS’ delegated limit for office accommodation leases and required that NIFRS produces Strategic Outline Business Cases (SOC) for approval by Department of Finance (DoF) in order to continue leasing office accommodation. This requirement was implemented mid-year.	Acknowledging that PEL(14) removed NIFRS’ delegated limit for office accommodation leases, NIFRS requires approval from DoF through DoH for an extension of the office leases. Until approval is obtained all payments against these leases will be irregular in nature.	<p><b>Closed</b> – At the beginning of 2017-18, 2 leases remain unapproved. A breakdown by lease location is provided below:</p> <table><tr><th>Lease Location</th><th>Monthly Spend during 2017-18 (£) *</th><th>Irregular Spend 2017-18 (£)</th></tr><tr><td>Ballymena Fire Safety, Henry St, Ballymena</td><td>£1,741</td><td>£3,950</td></tr><tr><td>Cookstown District Office, Kilcronagh Business Park</td><td>£1,586</td><td>£4,276</td></tr></table> <p>NIFRS has worked diligently with DoH colleagues to obtain necessary approvals. Final approval of Strategic Outline Case (SOC) was received on:</p>	Lease Location	Monthly Spend during 2017-18 (£) *	Irregular Spend 2017-18 (£)	Ballymena Fire Safety, Henry St, Ballymena	£1,741	£3,950	Cookstown District Office, Kilcronagh Business Park	£1,586	£4,276
Lease Location	Monthly Spend during 2017-18 (£) *	Irregular Spend 2017-18 (£)												
Ballymena Fire Safety, Henry St, Ballymena	£1,741	£3,950												
Cookstown District Office, Kilcronagh Business Park	£1,586	£4,276												

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales							
					<table><tr><th>Lease Location</th><th>SOC approval date</th></tr><tr><td>Ballymena Fire Safety, Henry St, Ballymena</td><td>08-Jun-17 (69 days of 2017-18)</td></tr><tr><td>Cookstown District Office, Kilcronagh Business Park</td><td>21-Jun-17 (82 days of 2017-18)</td></tr></table>	Lease Location	SOC approval date	Ballymena Fire Safety, Henry St, Ballymena	08-Jun-17 (69 days of 2017-18)	Cookstown District Office, Kilcronagh Business Park	21-Jun-17 (82 days of 2017-18)	<p>Whilst spend was regularised from the SOC approval date, expenditure totaling £8,226 was incurred against these leases before the approval date and this is still deemed irregular.</p>
Lease Location	SOC approval date											
Ballymena Fire Safety, Henry St, Ballymena	08-Jun-17 (69 days of 2017-18)											
Cookstown District Office, Kilcronagh Business Park	21-Jun-17 (82 days of 2017-18)											



### Prior Year Issues – Ongoing

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2013-14	Estates	Issues have been identified in terms of performance capacity.	A number of process, system and control issues were detected by Internal Audit during their 2012-13 Audit of Estates and these were further reiterated in an Internal Audit review of the Estates Measured Term Contract in 2016-17.	The MTC provision and related Estates processes, systems and control issues have been revised. Issues detected with current provision and longer term solution needs to be progressed and formalised following approval from the DoH.	<p><b>Ongoing</b> – NIFRS entered into a Measured Term Arrangement via a Properties Division Framework. This arrangement commenced on 13 June 2016 with an agreed end date of 31 July 2018. A Local Operating Agreement (LOA) was established for this arrangement.</p> <p>Cognisant of the approaching end date and issues within the existing provision, NIFRS in association with the recognised Centre of Procurement Excellence (CoPE) have agreed a future delivery model.</p> <p>A Business Case was developed, approved by the NIFRS Board and subsequently submitted to the Department of Health (DoH). The preferred option is the procurement of a term service contract which will be managed in-house by the estates department.</p> <p>A final structure supporting the future service delivery model was developed and approved by the Resources Committee in January 2018. The Head of Facilities and Assets and the Facilities Manager posts have been filled. A Capital Projects Manager also in place and a further 7 substantive posts filled. Recruitment</p>

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
					<p>into the remaining 3 posts is being progressed.</p> <p>Concurrently, processes and procedures within the Estates function have been reviewed and revised.</p> <p><b>Timescales for Resolution &amp; Closure – 1 August 2018</b></p>
2013-14	Information Governance	The revised Information Governance Controls Assurance Standard issued in July 2013 requires NIFRS to establish a baseline position using the Controls Assurance Standard as a base. It is expected that this will result in limited or no assurance.	NIFRS has not been able to access systems developed by DoH centrally to assist in information management and must therefore operate in isolation to put in place a solution. This will necessitate significant resource investment (staff and systems) over the next few years.	A Working Group has been established to address these issues identified in the Controls Assurance exercise.	<p><b>Ongoing</b> – Information risk within NIFRS has been assessed as critical and a recent internal audit, based around the Controls Assurance Standard, provided limited assurance in this area.</p> <p>Given the risk around Information Governance, the Resources Committee agreed a revised structure on 9 January 2018 which facilitates the establishment of a substantive 4 person information unit within NIFRS.</p> <p>The Information Management &amp; Security Manager role was advertised on 27 March 2018.</p> <p>Job descriptions for the information advisor and information officer roles are currently being developed.</p> <p>A formal action plan is in place pending recruitment of resources.</p> <p><b>Timescales for Resolution &amp; Closure – 31 March 2020</b></p>

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2014-15	Asset Management (including Inventory)	Issues with existing asset management systems and processes noted.	During an Asset Management Audit 2013-14 significant control weaknesses were noted and recommendations for improvement made.	Organisational responsibility has transferred to the Director of Service Support who will be overseeing work in each of the workstreams. An Asset Management Working Group has been established to review the process including methods of data capture, recording protocols, checking processes, acquisitions / disposal / movements.	<p><b>Ongoing</b> – As part of a larger review into the inventory and asset management system, the project manager (PM), appointed on 22 September 2017, is reviewing revised protocol for testing and inspection plus servicing and replacement, with a singular database to be populated with NIFRS data inventory management.</p> <p>The PM will prepare a business case in early 2018-19 for the purchase of equipment and staffing resources to undertake the SMART label configuration of identified items with applicable data capture onto the Real Asset Management (Series 5,000) over an 11 month timescale. The storage of data onto RAM has user suitability and capacity to enable an accountability framework to be formed plus stock system, through the data capture of assets and inventory items to evidence testing and inspection checks.</p> <p>The feasibility and costings to the strategic asset management project were presented to the Board on 18th January 2018 for discussion and approval, to achieve a March 2020 implementation date.</p> <p><b>Timescales for Resolution &amp; Closure</b> – 31 March 2020</p>

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2014-15	ICT	Issues with existing business and operational ICT systems.	An independent Technical Review was carried out by Business Services Organisation (BSO) Information Technology Services (ITS) Department and the resultant report received in October 2014 highlighted a number of de-supported and end of life systems. Likewise a skills deficit within the NIFRS IT Department has also been identified.	An exercise will be carried out to prioritise recommendations made in the BSO IT Technical Report and to determine a plan going forward. NIFRS is currently discussing this matter with all relevant parties with a view to establishing a workable arrangement agreeable to all parties. Two members of staff were seconded from BSO ITS into senior roles (Head of IT and Senior IT Project Manager) within the NIFRS IT Department.	<p><b>Ongoing</b> – Following a Technical Review, a prioritised IT Action Plan was developed and approved at Board level. NIFRS continues to work closely with BSO Information Technology Services (ITS) in the implementation of the Action Plan and at 31 March 2018 this plan was 90% complete.</p> <p>In addition to the hardware review detailed above, BSO ITS is due to commence a software review focused on Line of Business IT Systems which will result in the development of a prioritised action plan – this will commence in early 2018-19.</p> <p><b>Timescales for Resolution &amp; Closure</b> – 31 March 2019</p>
2014-15	Pensions	Future service provision.	In December 2014 the Pension Software was withdrawn by the software provider and all calculations are now being performed manually. The Pensions Manager, who was the only substantive employee within the Pensions Department, left NIFRS at the end of February 2015 and no replacement has been appointed. The lack of pension software has left NIFRS non-compliant with legislation as they are currently unable to issue Annual Benefit Statements. This issue has been notified to the Pensions Regulator.	Whilst CMT negotiates contractual arrangements around future service provision, temporary cover is being provided through the Financial Accountant.	<p><b>Ongoing</b> – NIFRS has procured a pensions system and is working closely with the software provider to finalise systems development.</p> <p>An SLA has been developed with BSO to provide pension administration services to NIFRS. During 2017-18 this SLA has been utilised for advice purposes whilst the new pension software is being put in place.</p>

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
					<p>Annual Benefit Statements are currently being generated through a manual process and relevant staff and the Pensions Regulator have been kept up-to-date.</p> <p><b>Timescales for Resolution &amp; Closure – 31 March 2020</b></p>

## Current Year Issues

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2017-18	Historical Business Case approval	Lack of approval has resulted in irregular spend	In October 2017, the Department of Health submitted a business case to the Department of Finance (DoF) for the renewal of a contract for the laundry and repair of certain NIRFS firekit. The DoF noted that while a previous business case had been approved in October 2012, some £815,760 had been incurred by NIFRS in 2011 and 2012 before this business case had been submitted. In the absence of approval the £815,760 expenditure should be recognised as irregular.	The issue was reported to the Public Safety Unit (PSU) and highlighted to external auditor. Following assessment, the Comptroller & Auditor General (CA&G) has included a note in his report to the accounts stating <i>'I note the historic regularity issue relating to expenditure of £815,760 in 2011 and 2012. As this relates to earlier years and NIFRS have confirmed that all required business cases have been appropriately approved since 2012, I have not qualified my 2017-18 audit opinion in respect of this'</i> .	<b>Ongoing</b> – PSU colleagues will take required action with DoF and advise the Permanent Secretary <b>Timescales for Resolution &amp; Closure</b> – 31 May 2018

## **11 Conclusion**

NIFRS has a rigorous system of accountability which I rely on as Accounting Officer to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI (MPMNI).

Further to considering the accountability framework with NIFRS and in conjunction with assurances given to me by the Head of Internal Audit, I am content that NIFRS has operated a sound system of internal governance during the period 2017-18.

**Signed:** \_\_\_\_\_ **(Accounting Officer)**

**Date:** 26 June 2018

## **2.2 Remuneration and Staff Report**

### **2.2.1 Remuneration Report**

#### **Governance Overview**

As per NIFRS Standing Orders Appendix C, the Terms of Reference of the Remuneration Committee state that the Committee will oversee the appointment of all Director Level appointments and determine all matters relating to their terms and conditions of appointment and service.

The key areas of responsibility of the Committee are:

- Salaries/Conditions of Service for Principal Officers and Directors;
- Pay Increases;
- Job Evaluations;
- Pay Remits; and
- Senior Management Succession Planning.

As at 31 March 2018, the membership of the Remuneration Committee was as follows:

- Ms C McKinney, Chairperson;
- Mr K Henning; and
- Mr P Martin.

The Committee met on the following occasions during the year ended 31 March 2018:

- 11 April 2017;
- 5 December 2017; and
- 13 March 2018.

The governance arrangements for NIFRS Board consist of a Chairperson, the Chief Fire & Rescue Officer and 10 non-executive Members, 4 of whom are District Councillors.

NIFRS is managed by CMT which as at 31 March 2018 consisted of the Chief Fire & Rescue Officer, 3 Assistant Chief Fire & Rescue Officers and one Support Director.

#### **Remuneration and Pension Interests for the year ended 31 March 2018**

Details of the Chairperson's, non-executive Members' and CMT remuneration and pension interests for the year ended 31 March 2018 are set out on pages 77-84.

The Payment of Remuneration of Chairmen and Non-Executive Members Determination (Northern Ireland) 2010 introduced remuneration of Non-Executive Members of the Northern Ireland Fire & Rescue Service retrospectively from July 2010. The DoH advises NIFRS of the current remuneration of NIFRS Non-Executive Members.



### **Chairperson, Board Members and Senior Management Remuneration (Audited Information)**

The following sections provide details of the remuneration, pension entitlements and taxable benefits-in-kind of the most senior members of NIFRS:

	2017-18				2016-17			
NAME	Salary £'000	<sup>1</sup> Benefits in Kind (to nearest £100)	<sup>4</sup> Pension Benefits (to nearest £1000)	TOTAL £'000	Salary £'000	<sup>1</sup> Benefits in Kind (to nearest £100)	<sup>4</sup> Pension Benefits (to nearest £1000)	Total £'000
<b>Non-Executive Members</b>								
C McKinney Chairperson	25-30	400	-	25-30	25-30	200	-	25-30
J Barbour	5-10	100	-	5-10	5-10	100	-	5-10
G Smyth	5-10	800	-	5-10	5-10	600	-	5-10
K Henning	5-10	800	-	5-10	5-10	400	-	5-10
C Enright	5-10	200	-	5-10	5-10	200	-	5-10
R Irvine	5-10	2,000	-	5-10	5-10	800	-	5-10
P Martin	5-10	-	-	5-10	5-10	-	-	5-10
A Hanna (to 31/05/16)	-	-	-	-	0-5	-	-	0-5

NAME	Salary £'000	<sup>1</sup> Benefits in Kind (to nearest £100)	<sup>4</sup> Pension Benefits (to nearest £1000)	TOTAL £'000	Salary £'000	<sup>1</sup> Benefits in Kind (to nearest £100)	<sup>4</sup> Pension Benefits (to nearest £1000)	Total £'000
<b>Executive Members</b>								
<sup>5</sup> <b>G Thompson</b> Chief Fire & Rescue Officer	120-125	100	309,000	430-435	100-105	-	213,000	315-320
<sup>6</sup> <b>D Ashford</b> Assistant Chief Fire & Rescue Officer - Operations (to 19/05/17)	10-15 FYE 85-90	-	1,000	10-15	100-105	-	47,000	145-150
<sup>7</sup> <b>M Graham</b> Assistant Chief Fire & Rescue Officer – Service Support	90-95	-	224,000	315-320	85-90	-	(16,000)	70-75
<b>A Walmsley</b> Assistant Chief Fire & Rescue Officer – Community Protection	90-95	-	231,000	320-325	85-90	-	28,000	115-120
<sup>8</sup> <b>M Rafferty</b> Assistant Chief Fire & Rescue Officer – Operations (temporary)	45-50 FYE 85-90	-	52,000	100-105	-	-	-	-
<sup>9</sup> <b>M Deeney</b> Assistant Chief Fire & Rescue Officer – Operations (temporary)	30-35 FYE 85-90	-	22,000	50-55	-	-	-	-
<b>J Kelly</b> Director of Finance (to 06/08/17)	25-30 FYE 65-70	-	7,000	30-35	65-70	-	20,000	85-90
<b>D Moore</b> Director of Human Resources	65-70	100	14,000	80-85	65-70	100	19,000	80-85
<b>L Cuddy</b> Director of Planning, Performance & Governance (to 22/05/17)	10-15 FYE 65-70	-	3,000	10-15	60-65	-	21,000	85-90
<sup>10</sup> <b>A Mills</b> Director of Finance (temporary)	20-25 FYE 60-65	-	-	20-25	-	-	-	-
<sup>11</sup> <b>W Thompson</b> Director of Finance (temporary)	-	-	-	-	-	-	-	-

	2017-18	2016-17
<b>Highest Earner's Total Remuneration (£'000)</b>	120-125	100-105
<b>Median Total Remuneration (£)</b>	31,084	30,873
<b>Ratio</b>	3.9	3.3

	2017-18				
NAME	<sup>2</sup> Accrued pension at age 60/65 as at 31/03/18 and related lump sum £'000	<sup>3</sup> Real increase in pension at age 60/65 as at 31/03/18 and related lump sum £'000	CETV at 31/03/18 £'000	CETV at 31/03/17 £'000	Real increase in CETV £'000
<b>Executive Members</b>					
<sup>5</sup> <b>G Thompson</b> Chief Fire & Rescue Officer	61	16	920	635	266
<sup>6</sup> <b>D Ashford</b> Assistant Chief Fire & Rescue Officer (to 19/05/17)	58	0	1,325	1,316	3
<sup>7</sup> <b>M Graham</b> Assistant Chief Fire & Rescue Officer – Service Support	50	12	1,140	851	263
<b>A Walmsley</b> Assistant Chief Fire & Rescue Officer – Community Protection	56	12	819	603	197
<sup>8</sup> <b>M Rafferty</b> Assistant Chief Fire & Rescue Officer – Operations (temporary)	42	3	967	878	75
<sup>9</sup> <b>M Deeney</b> Assistant Chief Fire & Rescue Officer – Operations (temporary)	34	2	467	442	20
<b>J Kelly</b> Director of Finance (to 06/08/17)	30	-	197	190	5
<b>D Moore</b> Director of Human Resources	20	1	202	183	8
<b>L Cuddy</b> Director of Planning, Performance, Governance (to 22/05/17)	4	-	47	45	2
<sup>10</sup> <b>A Mills</b> Director of Finance (temporary)	-	-	-	-	-
<sup>11</sup> <b>W Thompson</b> Director of Finance (temporary)	-	-	-	-	-

### Notes

There are no entries in respect of pensions for the Chairperson and Board Members as they do not receive pensionable remuneration.

Please note that there are no columns for Bonus/Performance Pay or employer contributions to partnership pension accounts as neither are applicable to NIFRS.

FYE = Full Year Equivalent Salary.

<sup>1</sup> Benefits in Kind relate to expense allowances provided and treated by HM Revenue and Customs as a taxable emolument.

<sup>2</sup> Deferred Pension age 60 for uniformed Executive members, and age 65 for Non-Uniformed Executive members. Please note that as the Uniformed Directors do not receive an automatic lump sum, this information has been excluded.

- <sup>3</sup> Real increase in pension assumes a 3% increase for 2017/18 (1% for 2016/17).
- <sup>4</sup> The value of the pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) x (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase / decrease due to the transfer of pension rights.
- <sup>5</sup> Appointed to Chief Fire & Rescue Officer on 7 November 2016, (temporary Assistant Chief Fire & Rescue Officer prior to this date).
- <sup>6</sup> Retired on 19 May 2017. As such the 2018 CETV has been calculated as at the date of leaving.
- <sup>7</sup> This member is over 50 years of age with more than 25 years of service and therefore could retire and receive pension benefits immediately. The 2018 CETV has been calculated as if the member were a pensioner.
- <sup>8</sup> Temporary appointment to Corporate Management Team from 19 May to 26 November 2017, (Area Commander prior to and subsequent to these dates). This member is over 50 years of age with more than 25 years of service and therefore could retire and receive pension benefits immediately. The 2018 CETV and accrued pension have been calculated as at 26 November 2017 as if the member were a pensioner. The 2017 comparative CETV has been calculated as at 18 May 2017.
- <sup>9</sup> Temporary appointment to Corporate Management Team from 27 November 2017, (Area Commander prior to this date). The 2017 comparative CETV has been calculated as at 26 November 2017.
- <sup>10</sup> Employed on an agency basis from 14 August to 29 December 2017.
- <sup>11</sup> From 25 January 2018, Ms W Thompson, Director of Finance for the HSC Business Services Organisation, provided part-time interim finance director support to NFIRS, under a wider Service Level Agreement. Her full salary, benefit-in-kind and CETV details are disclosed in the accounts of that organisation.

### **Disclosure of Highest Paid Director and Median Remuneration (Hutton Fair Pay Review Disclosure)**

Reporting bodies are required to disclose the relationship between the remuneration of the Highest Paid Director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid employee in NIFRS in the financial year 2017-18 was £120,000-£125,000 (2016-17: £100,000-£105,000). This was 3.9 times the median remuneration of the workforce, which was £31,084 (2016-17: £30,873).

In 2017-18, remuneration ranged from the band £0k-£5k to £120k-£125k (2016-17: £0k-£5k to £100k-£105k).

Total remuneration includes salary and benefits-in-kind. It does not include employer pension contributions or the cash equivalent transfer value of pensions.

### **Median Total Remuneration**

For the purposes of this calculation only, all staff wages and salaries are adjusted to full time equivalent (FTE) earnings and ranked in order to identify the median point.

### **Highest Earner's Total**

The increase in the Highest Paid Director remuneration band between 2016-17 and 2017-18 reflects the fact that the Chief Fire & Rescue Officer was in post for the whole year.

### **Cash Equivalent Transfer Value**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme, or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity because of which the disclosure applies.

The CETV figures include the value of any pensions, including the value of any pension benefits in another scheme or arrangement which the individual has transferred. Also included is any additional pension benefit accruing to the member as a result of purchasing additional years of pension service in the scheme at the member's own expense. CETVs are calculated within guidelines and a framework prescribed by the Institute and Faculty of Actuaries.

The "real increase" reflects the increase in CETV funded by the employee and the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the benefits transferred from another pension scheme or arrangements) and uses common market valuation factors.

### **Value of Pension Benefits**

The value of pension benefits is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the member.

The real increases exclude increases due to inflation or any increase or decrease to a transfer of pension rights.

A negative figure may arise where a member has little or no increase to his/her pension (before making the inflation adjustment), for example, where they have already attained the maximum service for pension benefits. Also if a member has reached the earliest retirement age the pension figure could be lower than previously, as the pension figure is calculated as if they claimed the pension at that date, rather than a deferred benefit payable at normal retirement age.

## **Support Directors**

### **Pension Scheme Information**

The pension benefits of the Support Directors are provided through the NILGOSC Scheme. This is a statutory scheme that provides benefits on a 'career average revalued earnings' basis from 1 April 2015. Prior to that date benefits were built up on a 'final salary' basis. From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80th (pension) and 3/80ths (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009.

Employees currently pay contributions of between 5.5% - 8.5% of pensionable earnings. From 1 April 2015, employee contribution rates are determined on the actual rate of pay and not the whole-time equivalent rate of pay. Pensions increase annually in line with the Consumer Prices Index. On death, pensions are payable to the surviving spouse, nominated co-habiting partner or civil partner. On death in service, the Scheme will pay a lump sum benefit of three times pensionable pay and will also provide a service enhancement on computation of the spouse's pension.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the Scheme if they are at or over pension age. Pension age is state pension age or age 65 if higher.

### **Terms and Conditions**

The Support Directors are employed under National Joint Council for Local Government Services Terms and Conditions. A 3 month notice period applies. No compensation for early retirement was paid to Support Directors during the year.

### **Mileage Allowances**

The Support Directors received mileage allowances in the year of between 45p-65p per mile. The element over 45p is regarded as a Benefit-in-Kind and is included within the figures in the Chairperson and Senior Employees' Remuneration table above.

### **Annual Leave**

Support Directors are entitled to 30 days annual leave, 12 days public holiday plus an additional 3 days for long service (>5 yrs).

### **Sickness**

Support Directors are entitled to sickness benefit of 6 months full pay followed by 6 months half pay, after 5 years' service.

## **Uniformed Officers**

### **Pension Scheme Information**

Pension benefits for the Chief Fire & Rescue Officer and Assistant Chief Fire & Rescue Officers are provided through the Firefighters' Pension Scheme and Firefighters' Pension Scheme 2015 (CARE scheme). The Firefighters' Pension Scheme is a statutory scheme which provides benefits on a 'final salary' basis. The normal retirement age is 55 but Officers may retire on full pension once they have attained 50 years of age and have 30 years' service. The Chief Fire & Rescue Officer requires the approval of the NIFRS Board to retire before he has attained 55 years of age. Benefits accrue at the rate of 1/60th of pensionable salary for each year of service up to 20 years and at 2/60ths for each year of service thereafter. The maximum attainable is 40/60ths. Members may commute up to 25% of their pension in return for a lump sum of up to 22.5 times the commuted amount, dependent on age. Benefits from the Firefighters' Pension Scheme 2015 (CARE scheme) are on a 'career-average' basis rather than on a 'final salary' basis. Normal retirement for this scheme is also 55 years old. Benefits accrue at the rate of 1/64.8<sup>th</sup> of actual pay earned for each scheme year. Members may commute a maximum of 25% of their pension under the CARE scheme with the commutation factor of 12 applied to the commuted portion.

Members pay contributions of between 11%-17% depending on their Pension Scheme and pensionable earnings. Pensions in payment increase in line with the Consumer Price Index.

On death, pensions are payable to the surviving spouse at a rate of half the member's base pension. On death in service, the scheme pays a lump sum benefit of 2 or 3 times pensionable pay depending on the Pension Scheme. Medical retirement is possible in the event of ill-health.

### **Terms and Conditions**

The terms and conditions for the Chief Fire & Rescue Officer and Assistant Chief Fire & Rescue Officers are negotiated and regulated through the National Joint Council for Principal Fire Officers. This body sets a minimum salary for Principal Officers and local adjustments are made by the individual Authorities. The Assistant Chief Fire & Rescue Officers' salaries are based on approximately 75% of the Chief Fire & Rescue Officer's salary.

### **Mileage Allowances**

The Uniformed Officers received mileage allowances in the year of 45p per mile.

### **Annual Leave**

Uniformed Officers are entitled to 37 days annual leave, 8 days public holiday plus an additional 3 days for long service (> 3yrs).



## **Sickness**

Uniformed Officers are entitled to sickness benefit of 6 months full pay, followed by 6 months half pay.

Signed: \_\_\_\_\_ (Accounting Officer)

Date: 26 June 2018

## **2.2.2 Staff Report**

### **Off-Payroll Engagements**

NIFRS is required to disclose details of 'off-payroll' engagements at a cost of over £58,200 per annum. As per the table below, NIFRS had no 'off-payroll' engagements exceeding this cost threshold during 2017-18

	Number of Staff
Off-Payroll Staff as at 1 April 2017	0
New engagements during the year	0
Number of engagements transferred to payroll	0
Number of engagements that have come to an end during the year	0
Other	0
Off-Payroll Staff as at 31 March 2018	0

### **Staff Numbers and Related Costs (Audited Information)**

Staff Costs	2018			2017
	Permanently employed staff £'000	Other £'000	Total £'000	Total £'000
Wages and Salaries	46,772	1,060	47,832	47,150
Social Security Costs	4,470	0	4,470	4,177
Other Pension Costs	10,602	0	10,602	11,144
Total Staff Costs reported in Statement of Comprehensive Net Expenditure	61,844	1,060	62,904	62,471
Staff costs exclude £93,057 charged to capital projects during the year (2017: £38,862)				

## Number of Persons Employed (Audited Information)

The average number of Wholetime equivalent persons employed during the year was as follows:

	2018			2017
	Permanently employed staff No.	Other No.	Total No.	Total No.
Chairperson	1	-	1	1
Board Members	6	-	6	6
Firefighters (Full-time)	808	-	808	835
Firefighters (Part-time)	939	-	939	946
RCC Personnel	54	-	54	56
Administrative/Manual Agency/Temporary	174	-	174	192
		45	45	37
<b>Total average number of persons employed</b>	<b>1,982</b>	<b>45</b>	<b>2,027</b>	<b>2,073</b>
<b>Less average staff number relating to capitalised staff costs</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>
<b>Total net average number of persons employed</b>	<b>1,981</b>	<b>45</b>	<b>2,026</b>	<b>2,072</b>

## Senior Employees' Remuneration

Please refer to the Remuneration Report on page 76-84 of the Annual Report

## Staff Benefits

	2018 £'000	2017 £'000
Staff Benefits	-	-
	-	-

## Retirements due to Ill-Health

During 2017-18, there were 18 early retirements (2016-17: 19) from NIFRS agreed on the grounds of ill-health. The Pension liabilities in respect of the 2 and 4 times pensionable pay relating to ill-health retirees, was £972,721 (2016-17: £999,330). The costs borne by NIFRS Operating Accounts in 2017-18 in respect of these 18 ill-health retirees was £335,882 (2016-17: £457,524). Ill-health retirement costs are met by the Pension Scheme.

## **NIFRS Staff Composition**

As at 31 March 2018, NIFRS directly employed 2,031 people in operational and support roles.

	Total	Male	Female
Uniformed and Non-Uniformed Directors	5	5	0
Wholetime Firefighters*	840	812	28
Retained Firefighters	948	908	40
Regional Control Centre Personnel	55	21	34
Support Staff	183	67	116
<b>Total</b>	<b>2031</b>	<b>1813</b>	<b>218</b>

\*Wholetime Firefighters figure includes 1 employee on a career break

Note: Agency Staff and Board Members composition are not included in the above table

## **Expenditure on Consultancy**

NIFRS incurred no external consultancy expenditure in 2017/18.

## **Exit Packages (Audited Information)**

Reporting of early retirement and other compensation scheme – exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2018	2017	2018	2017	2018	2017
< £10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	1	-	1
£25,001 - £50,000	-	-	4	1	4	1
£50,001 - £100,000	-	-	-	3	-	3
			-	-	-	-
<b>Total number of exit packages by type</b>	-	-	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total Resource Cost</b>	-	-	<b>361</b>	<b>265</b>	<b>361</b>	<b>265</b>

## **Voluntary Severance**

Voluntary Severance has been paid in accordance with the provisions of the Local Government Pension Scheme Regulations (NI) 2002 as amended and the NIFRS Organisational Change Policy. Exit costs are accounted for in full in the year in which the exit package is approved and agreed and are included as operating expenses. Where exit packages have been agreed, the additional costs are met by the Public Sector Transformation Fund (Ill-health retirement costs are met by the Pension Scheme and are not included in the table).

## **Attendance Management**

In 2017-18 the number of days/shifts lost per person was 13.1 against a target of 10. The figure in 2016-17 was 13.4 days/shifts lost. The 3 main reasons for sickness absence were: musculo/skeletal (33.7%); mental health (25.9%) and general (12.7%).

NIFRS is committed to reducing days/shifts lost due to sickness and will continue to implement the Attendance Management Policy and implement new initiatives to help support employee health and wellbeing.

## **Equal Opportunities for NIFRS Staff and Applicants to NIFRS**

NIFRS is an equal opportunities employer, committed to making good faith efforts to comply with equality legislation and the principles of fairness.

The following NIFRS Equality & Inclusion Statement has been adopted to emphasise the organisation's commitment to equality of opportunity for all employees and job applicants:

We will promote a good and harmonious working environment in which our employees will be treated with dignity and respect. We will not discriminate unlawfully against or harass any person on the grounds of:

- Gender;
- Age;
- Disability;
- Political Opinion;
- Sexual Orientation;
- Gender reassignment;
- Pregnancy or maternity;
- Marital or Civil Partnership Status;
- Racial Group; or
- Religious or similar philosophical belief.

### **It is our aim to:**

Create an inclusive working environment and culture to maximise the potential of all employees, providing equality of opportunity in all aspects of employment and avoiding unlawful discrimination. NIFRS will not tolerate or condone discrimination, harassment, bullying or victimisation of any individual in our workplace.

### **We will:**

- Implement policies, procedures and actions to ensure that we comply with both the letter and spirit of all existing, amended and proposed fair employment, anti-discrimination and equality legislation.
- Endeavour to have a workplace and employment policies and practices that do not unreasonably exclude or disadvantage our employees, or job applicants, who have disabilities. We will comply with the duty to consider reasonable adjustments for persons with disabilities in our workplace and in recruitment.

- Remain committed to a programme of action to ensure that equality and fairness at work takes place and is respected in the workplace. All employees are required to comply with the NIFRS Equality & Inclusion Statement and Equal Opportunities Policy and all other policies supporting equality, inclusion and dignity at work.
- Continue to implement an Equality & Inclusion Statement and Equal Opportunities Policy that applies to all Service users, employees, job applicants, together with anyone working on NIFRS premises including, agency workers, contractors, consultants and suppliers.

### **NIFRS Staff Policies**

NIFRS has a number of staff policies which have been developed to ensure compliance with legislative requirements, to provide a basis for a consistent approach to all employment matters and to enhance the working experience of all employees. NIFRS staff policies are reviewed on a regular basis and are subject to required consultation.

## **2.3 Accountability and Audit Report**

### **Funding**

- 1 NIFRS is funded on an ongoing basis by the Department of Health (DoH).

### **Regularity of Expenditure**

- 2 Each year NIFRS completes the DoH Financial Management Control Assurance assessment, which is audited by BSO. For 2017-18, NIFRS achieved a 'Substantive' assurance rating. This achievement illustrates the continued probity and regularity of NIFRS's expenditure.

### **Fees and Charges (Audited)**

- 3 NIFRS applies a scale of charges for Special Service Calls and incidents attended in the Donegal area. The charges levied are reviewed annually and adjusted in line with the Retail Price Index.

### **Remote Contingent Liabilities (Audited)**

- 4 Contingent liabilities are detailed within Note 22 of the Accounts.

### **Financial Environment**

- 5 The financial environment for NIFRS remains challenging, like most public bodies. The challenge is to continue to manage with a reduced budget against growing community expectations and against an ever-changing risk profile.

### **Financial Targets**

- 6 In terms of financial targets, as illustrated in Note 25.3 to the Accounts, NIFRS has achieved the financial breakeven target for 2017-18. This was achieved through the establishment of a Savings Plan during the 2017-18 year and careful monitoring thereafter to deliver within the allocated budget.

### **Investment Strategy and Plans**

- 7 NIFRS' Investment Strategy and Plans going forward will be focused on areas of weakness and historic under investment, namely Information Technology and Estates. Investment in these areas will be progressed over the next 3 years as risk assessed capital investment priorities are agreed. Significant progress has been made regarding IT Infrastructure and a systems review has also commenced. Other significant capital projects currently ongoing include the SSC at Boucher Road and the LDC at Desertcreat.

## **Losses and Special Payments (Audited Information)**

- 8 Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NIFRS not been bearing their own risks (with insurance premiums then being excluded as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

	2018 Number of cases	2018 £	2017 £
<b>Cash Losses</b>			
Overpayments of Salaries, Wages and Allowances	3	5,729	18,821
Other Causes	-	-	48,000
	<b>3</b>	<b>5,729</b>	<b>66,821</b>
<b>Fruitless payments</b>			
Other fruitless payments	1	1,799	-
	<b>1</b>	<b>1,799</b>	<b>-</b>
<b>Store Losses</b>			
Loss of Accountable Stores through any deliberate act	-	-	69,423
	<b>-</b>	<b>-</b>	<b>69,423</b>
<b>Special Payments</b>			
Compensation payments	1	17,500	-
Ex-gratia payments	1	750	-
	<b>2</b>	<b>18,250</b>	<b>-</b>
<b>Total</b>	<b>6</b>	<b>25,778</b>	<b>136,244</b>

## **Losses and Special Payments over £250,000**

There were no losses or special payments over £250,000 made during the year.

**Signed:** \_\_\_\_\_ **(Accounting Officer)**

**Date:** 26 June 2018

## **NORTHERN IRELAND FIRE & RESCUE SERVICE**

### **THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

#### **Opinion on financial statements**

I certify that I have audited the financial statements of the Northern Ireland Fire and Rescue Service for the year ended 31 March 2018 under the Fire and Rescue Services (Northern Ireland) Order 2006. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Northern Ireland Fire and Rescue Service's affairs as at 31 March 2018 and of the Northern Ireland Fire and Rescue Service's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Fire and Rescue Services (Northern Ireland) Order 2006 and Department of Health directions issued thereunder.

#### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Northern Ireland Fire and Rescue Service in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### **Other Information**

The Board and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Opinion on other matters**

In my opinion:



- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Department of Health directions made under the Fire and Rescue Services (Northern Ireland) Order 2006; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Fire and Rescue Services (Northern Ireland) Order 2006.

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report<sup>5</sup> to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

My detailed observations are included in my report attached to the financial statements.

*KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU*

*29 June 2018*

## NORTHERN IRELAND FIRE & RESCUE SERVICE

### THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

#### Introduction

- 1 The Northern Ireland Fire and Rescue Service (NIFRS) is a Non-Departmental Public Body, sponsored by the Department of Health (the Department) and has responsibility for providing rescue services across Northern Ireland. In 2017-18, NIFRS incurred expenditure of £91 million.
- 2 Last year, I attached a report to the NIFRS financial statements outlining my concerns on a lack of progress in implementing internal audit recommendations, some of which have been outstanding for a number of years. I also gave an undertaking to continue to monitor this situation.

#### Internal Audit

- 3 Business Services Organisation (BSO) were appointed to provide the internal audit function for NIFRS from 1 April 2014. For the first 3 years the overall annual assurance opinion was 'Limited'.
- 4 This year, 2017-18 the Head of Internal Audit has provided a 'Satisfactory' overall opinion in relation to the adequacy and effectiveness of the system of governance, risk management and control in place at NIFRS. The Head of Internal Audit does, however, caution that further work is required within NIFRS to sustain the improvements made to date and to ensure a 'Satisfactory' framework is sustained within the organisation going forward.
- 5 The basis of the overall opinion includes both the outcome of the individual areas examined by internal audit during 2017-18 and the results of year end follow up work on previous audit recommendations. The results of internal audit reports in the last four years are at **Figure 1**.

**Figure 1: Internal Audit Results (2014-15 to 2017-18)**

	2017-18	2016-17	2015-16	2014-15
Unacceptable	1 <sup>1</sup>	2	0	0
Limited opinion	4	5	5	7
Partially limited	0	1	3	2
Satisfactory	8	3	5	4
Substantial <sup>2</sup>	0	1	0	0
% of satisfactory/ substantial reports	62%	33%	38%	31%

Note 1: The Head of Internal audit noted that one audit planned as part of the 2017-18 programme was deferred because of limited progress in enhancing control in the area (pensions) such that, had an audit been carried out, it would have presented similar findings to that previously reported and would have resulted in the audit classification remaining unacceptable. As this unacceptable assurance classification was considered in terms of the Head of Internal Audit's overall opinion, it has been included in the table above.

Note 2: From 2017-18, the substantial classification has been removed.

- 6 Each internal audit report will make a number of recommendations for improvement and then agree actions with NIFRS management. The number of these recommendations which have not been fully implemented has reduced in recent years from a high of 237 in 2014-15 to 104 at the end of this year. However only 23 per cent of all outstanding recommendations relate to 2016-17 or 2017-18 audit reports and the remainder are between three and nine years old(see **Figure 2**). As a result, I continue to have concerns over both the number of outstanding recommendations not fully implemented and the long period over which the majority of these have been outstanding.

**Figure 2: Outstanding Internal Audit Recommendations (by year of recommendation)**

	<b>Partially implemented</b>	<b>Not implemented</b>	<b>Total</b>
2008-09	2	-	2
2010-11	3	-	3
2011-12	5	-	5
2012-13	23	-	23
2013-14	11	-	11
2014-15	26	1	27
2015-16	9	-	9
2016-17	16	-	16
2017-18	7	1	8
<b>Total</b>	<b>102</b>	<b>2</b>	<b>104</b>

- 7 Of the 104 agreed internal audit recommendations that have not yet been fully implemented, 39 were designated priority 1 by Internal Audit. A priority 1 issue is defined as 'Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds'.
- 8 Some of the Priority 1 issues identified by Internal Audit include:
- Action is needed to improve the stability and resilience of the current payroll pension system;
  - The absence of an automated pension system means that Annual Benefit Statements have not been issued to Scheme members which is a breach of legislation;
  - Significant concerns over procurement and contract management including the:
    - limited functionality within the procurement system to support contract monitoring
    - failure to properly subject the provision of legal services to formal procurement over a 10 year period
    - considerable problems associated with the delivery of estates services resulting in the failure to deliver the programme of work planned for 2017-18 and delays and postponements to station upgrades/refurbishments;
  - The fact that NIFRS has not yet identified and recorded all sources of information it is holding and transferring – the cataloguing exercise to identify its information assets, dataflows and related information governance risks is only 35 per cent complete;
  - A significant number of staff who have not yet been trained in information governance; and
  - A lack of executive level stability and joined up approach in taking forward integrated risk management processes.

### **Plans to address outstanding recommendations**

- 9 I asked NIFRS what it was doing to address the remaining outstanding issues.
- 10 NIFRS told me that it is addressing the outstanding recommendations through a modernisation programme, which is broken into 13 key projects as outlined below. Through these Projects, both the outstanding audit recommendations and new systems of working are managed, reported and monitored on a regular basis.

The key project areas identified are:-

- Contract Management;
- Corporate Communications;
- Estates, Capital & Facilities Management;
- Financial Management;
- Fuel, Vehicle & Equipment Accountability;
- Governance;
- Human Resources Advisory;
- Human Resources Training & Development;
- Information Management;
- Information Technology Management;

- Operations & Community Protection;
- Planning & Performance Management; and
- Stock & Inventory Management.

The Audit, Risk & Governance Committee is monitoring progress on a quarterly basis. In addition two Business Improvement Days were held during the year (29 August 2017 & 21 May 2018) at which the NIFRS Board received presentations and updates from Project leads.

- 11 NIFRS has also told me that some issues are taking longer to address due to having to satisfy external processes and approvals such as those needed for the acquisition of new software and IT systems or the implementation of structural changes. The historic underinvestment in IT infrastructure and software has meant that the modernisation programme is likely to straddle several financial years. However the overall aim is to deal with as many outstanding issues within the next financial year.

#### **New issue in 2017-18 – Historic Irregular Expenditure**

- 12 In October 2017, the Department of Health submitted a business case to the Department of Finance (DoF) for the renewal of a contract for the laundry and repair of certain NIFRS firekit. The DoF noted that while a previous business case had been approved in October 2012, some £815,760 had been incurred by NIFRS in 2011 and 2012 before this business case had been submitted. In the absence of approval the £815,760 expenditure should be recognised as irregular.
- 13 NIFRS have confirmed that appropriate approvals for business cases have been obtained since 2012.

#### **Conclusion on Internal Audit Recommendations**

- 14 I welcome the progress NIFRS has made in recent years in addressing outstanding internal audit recommendations and that this year Internal Audit has been able to provide an overall 'Satisfactory' opinion in relation to the adequacy and effectiveness of the system of governance, risk management and control in place at NIFRS.
- 15 However a number of important recommendations, which could leave NIFRS vulnerable to risks from failures in internal control, are still not fully implemented. The NIFRS should continue to reduce the number of outstanding internal audit recommendations, particularly those in relation to procurement and integrated risk management.

#### **Conclusion on Historic Regularity Issue**

- 16 I note the historic regularity issue relating to expenditure of £815,760 in 2011 and 2012. As this relates to earlier years and NIFRS have confirmed that all required business cases have been appropriately approved since 2012, I have not qualified my 2017-18 audit opinion in respect of this.

*KJ Donnelly  
Northern Ireland Audit Office  
Comptroller and Auditor General  
106 University Street  
Belfast  
BT7 1EU*

29 June 2018

## SECTION 3 – FINANCIAL STATEMENTS

### NIFRS FINANCIAL ACCOUNTS 2017-18

### STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2018

This account summarises the expenditure consumed and income generated on an accruals basis. It also includes other comprehensive income and expenditure, which includes changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	NOTE 1.30	2018 Operating £'000	Restated 2017 Operating £'000
<b>Income</b>			
Income from activities	4.1	435	420
<b>Total operating income</b>		<b>435</b>	<b>420</b>
<b>Expenditure</b>			
Staff costs	3	(62,904)	(62,471)
Purchase of goods and services	3	(1,797)	(1,473)
Depreciation, amortisation and impairment charges	3	(2,821)	(5,493)
Provision expense	3	(11,463)	(18,967)
Other expenditures	3	(11,148)	(9,704)
Interest on scheme liabilities	16	(388)	(273)
<b>Total operating expenditure</b>		<b>(90,521)</b>	<b>(98,381)</b>
<b>Net operating expenditure</b>		<b>(90,086)</b>	<b>(97,961)</b>
Corporation tax	26	2	(7)
<b>Net expenditure for the year</b>		<b>(90,084)</b>	<b>(97,968)</b>
<b>Revenue Resource Limit (RRL)</b>	25.1	90,103	97,980
<b>Surplus against RRL</b>	25.3	<b>19</b>	<b>12</b>
<b>OTHER COMPREHENSIVE EXPENDITURE</b>		<b>2018 Operating £'000</b>	<b>2017 Operating £'000</b>
<b>Items that will not be classified to net operating costs:</b>			
Net gain on revaluation of property, plant and equipment	5.1/5.2	5,085	1,214
<b>Items that may be reclassified to net operating costs:</b>			
Actuarial (loss)	16	(18)	(6,348)
<b>TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 2018</b>		<b>(85,017)</b>	<b>(103,102)</b>

The notes on pages 101 to 133 form part of these accounts

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

This statement presents the financial position of NIFRS. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	NOTE 1.30	2018 Operating £'000	Restated 2017 Operating £'000
<b>Non Current Assets</b>			
Property, plant and equipment	5.1/5.2	106,679	91,877
Intangible assets	6.1/6.2	1,026	370
<b>Total Non Current Assets</b>		<b>107,705</b>	<b>92,247</b>
<b>Current Assets</b>			
Assets classified as held for sale	9	-	-
Inventories	10	904	945
Trade and other receivables	12	2,771	1,471
Other current assets	12	342	361
<b>Total Current Assets</b>		<b>4,017</b>	<b>2,777</b>
<b>Total Assets</b>		<b>111,722</b>	<b>95,024</b>
<b>Current Liabilities</b>			
Trade and other payables	13	(12,885)	(7,960)
Cash and cash equivalents	11	(395)	(639)
Provisions (Insurance)	15	(1,711)	(1,222)
Provisions (Compensation Scheme)	15	(3,070)	(2,940)
<b>Total Current Liabilities</b>		<b>(18,061)</b>	<b>(12,761)</b>
<b>Total Assets less Current Liabilities</b>		<b>93,661</b>	<b>82,263</b>
<b>Non Current Liabilities</b>			
Provisions (Insurance)	15	-	(113)
Provisions (Compensation Scheme)	15	(88,854)	(81,430)
Pension liabilities - NILGOSC	16	(16,924)	(15,555)
<b>Total Non Current Liabilities</b>		<b>(105,778)</b>	<b>(97,098)</b>
<b>Total Assets less Total Liabilities</b>		<b>(12,117)</b>	<b>(14,835)</b>
<b>Taxpayers' Equity and Other Reserves</b>			
Revaluation reserve		14,108	9,024
SoCNE reserve		(26,225)	(23,859)
		<b>(12,117)</b>	<b>(14,835)</b>

The accounts on pages 97 to 133 were approved by the Board on 26 June 2018 and were signed on its behalf by:

Signed \_\_\_\_\_ (Chairperson) 26 June 2018

Signed \_\_\_\_\_ (Chief Fire & Rescue Officer) 26 June 2018

## STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2018

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Northern Ireland Fire and Rescue Service (NIFRS) during the reporting period. The statement shows how NIFRS generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by NIFRS. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to NIFRS future public service delivery.

	NOTE 1.30	2018 Operating £'000	Restated 2017 Operating £'000
<b>Cashflows from operating activities</b>			
Net deficit after interest/Net operating expenditure		(90,261)	(97,968)
Adjustments for non cash items	3	2,842	5,417
Increase in trade & other receivables	12	(1,281)	(668)
Decrease in inventories	10	41	30
Increase in trade payables	13	4,925	2,141
Increase in pension provision - NILGOSC	16	1,369	7,042
Increase/(decrease) in provision - insurance	15	376	(103)
Increase in provision - compensation	15	7,554	15,563
Pension remeasurements	16	(18)	(6,348)
<b>Net cash outflow from operating activities</b>		<b>(74,453)</b>	<b>(74,894)</b>
<b>Cashflows from investing activities</b>			
Purchase of property, plant & equipment	5.1/5.2	(10,623)	(6,399)
Purchase of intangible assets	6.1/6.2	(792)	(54)
Proceeds on disposal of property, plant & equipment		177	80
<b>Net cash outflow from operating activities</b>		<b>(11,238)</b>	<b>(6,373)</b>
<b>Cash flows from financing activities</b>			
Grant in aid		85,936	81,023
<b>Net financing</b>		<b>85,936</b>	<b>81,023</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents in the year</b>	11	<b>244</b>	<b>(244)</b>
<b>Cash &amp; cash equivalents at the beginning of the year</b>	11	<b>(639)</b>	<b>(395)</b>
<b>Cash &amp; cash equivalents at the end of the year</b>	11	<b>(395)</b>	<b>(639)</b>

The notes on pages 101 to 133 form part of these accounts

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2018

This statement shows the movement in the year on the different reserves held by NIFRS, analysed into 'SoCNE Reserves' (i.e. those reserves that reflect a contribution from the Department of Health) and 'Revaluation Reserves'. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The SoCNE Reserve represents the total assets less liabilities of NIFRS, to the extent that the total is not represented by other reserves and financing items.

### NOTE

	1.30	SoCNE Reserve £'000	Revaluation Reserve £'000	Restated Total £'000
<b>Balance at 1 April 2016</b>		<b>(566)</b>	<b>7,810</b>	<b>7,244</b>
<b>Changes in taxpayers' equity 2016-17</b>				
Grant from DoH		81,023	-	81,023
Comprehensive expenditure for the year - Operating		(97,928)	1,214	(96,714)
Actuarial Loss on LGPS Pension	16	(6,348)	-	(6,348)
Non cash charges - auditors remuneration		(40)	-	(40)
<b>Balance as 31 March 2017</b>		<b>(23,859)</b>	<b>9,024</b>	<b>(14,835)</b>
<b>Changes in taxpayers' equity 2017-18</b>				
Grant from DoH		85,936	-	85,936
*Other reserves movements including transfers		1,800		1,800
Comprehensive expenditure for the year - Operating		(90,026)	5,085	(84,941)
Actuarial Loss on LGPS Pension	16	(18)	-	(18)
Non cash charges - auditors remuneration		(58)	-	(58)
<b>Balance at 31 March 2018</b>		<b>(26,225)</b>	<b>14,108</b>	<b>(12,117)</b>

\*The transfer of £1,800k relates to a land transfer and is explained in note 25.2

The notes on pages 101 to 133 form part of these accounts.



## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

#### 1.0 Authority

The accounts have been prepared in a form determined by the Department of Health (DoH) based on guidance from the Department of Finance (DoF's) Government Financial Reporting Manual (FReM) and in accordance with the requirements of Article 3 (15) of The Fire and Rescue Services (Northern Ireland) Order 2006.

The accounting policies follow IFRS to the extent that it is meaningful and appropriate to NIFRS. Where a choice of accounting policy is permitted, the accounting policy which has been judged to be most appropriate to the particular circumstances of NIFRS for the purpose of giving a true and fair view has been selected. NIFRS accounting policies have been applied consistently in dealing with items considered material in relation to the accounts, unless otherwise stated.

As illustrated in our Statement of Financial Position, NIFRS operates with a net liability position. As a non-departmental public body NIFRS is mainly funded through DoH. As it is anticipated that DoH funding will continue for the foreseeable future this ensures that the preparation of our accounts as a going concern is the correct basis.

Across the HSC sector it is expected that the significant financial challenges faced will intensify and extensive budget planning work to support financial planning is ongoing between NIFRS and the Department of Health (DoH). However, as with other financial years NIFRS remains committed to achieving financial break-even.

#### 1.1 Accounting Convention

The accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

#### 1.2 Currency & Rounding

The accounts are presented in UK Pounds Sterling, rounded to the nearest £1,000.

#### 1.3 Property, Plant and Equipment

Property, plant and equipment assets comprise Land, Buildings, Transport Equipment, Plant & Machinery, Information Technology, Furniture & Fittings and Assets under Construction.

#### Recognition

Property, plant and equipment must be capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to NIFRS;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has a cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £1,000, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, or project, irrespective of their individual or collective cost.

On initial recognition, property, plant and equipment are measured at cost including any expenditure such as installation, directly attributable to bringing them into working condition. Items classified as "under construction" are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

## Valuation of Land and Buildings

Land and buildings are carried at the last professional valuation, in accordance with the Royal Institute of Chartered Surveyors (Statement of Asset Valuation Practice) Appraisal and Valuation Standards in so far as they are consistent with the specific needs of NIFRS.

The last valuation was carried out on 31 January 2018, by Land and Property Services (LPS) which is part of the Department of Finance and Personnel. The valuers are qualified to meet the 'Member of Royal Institution of Chartered Surveyors' (MRICS) standard.

Professional revaluations of land and buildings are undertaken at least once in every 5 year period and are revalued annually, between professional valuations, using indices provided by LPS.

NIFRS is of the view that there is a material difference between the 'exit value' and book value of its land and buildings (as shown in the Statement of Financial Position). This is because Fire Stations as shown in the annual accounts have been valued by LPS on the basis of Current Value in Existing Use, with the method of valuation employed for these specialised assets being depreciated replacement cost (DRC). If NIFRS had to consider the 'exit value' of these assets (per IFRS 13) where they were considered to be non-operational properties surplus to requirements or held for sale with no restrictions on access to the market, LPS advises that these exit values are likely to be materially different from their Current Values in Existing Use as specialised assets (depreciated replacement cost).

Land and buildings used for NIFRS services or for administrative purposes are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Fair values are determined as follows:

- land and non-specialised buildings – open market value for existing use;
- specialised buildings – depreciated replacement cost;
- properties surplus to requirements – the lower of open market value less any material directly attributable selling costs, or book value at date of moving to non current assets.

## Modern Equivalent Asset

DoF has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. Land & Property Services (LPS) have included this requirement within the latest valuation.

## Assets Under Construction (AUC)

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

## Short Life Assets

Short life assets are not indexed. Short life is defined as a useful life of up to and including 5 years. Short life assets are carried at depreciated historic cost as this is not considered to be materially different from fair value and are depreciated over their useful life.

Where the estimated life of fixtures and equipment exceeds 5 years, suitable indices will be applied each year and depreciation will be based on the indexed amount.

## Revaluation Reserve

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

## 1.4 Depreciation and Amortisation

No depreciation is provided on freehold land since land has an unlimited or a very long established useful life. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and which meet the definition of "non-current assets held for sale" are also not depreciated.

Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and similarly, amortisation is applied to intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. Assets held under finance leases are also depreciated over their estimated useful lives and the terms of the lease. The estimated useful life of an asset is the period over which NIFRS expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

The following asset lives have been used:

Asset Type	Asset Life Years
Freehold Buildings	25 - 60
Furniture & Fittings	5 - 20
Plant & Machinery	5 - 20
IT Assets	3 - 7
Cars & Vans	5
Water Tenders	12
Special/Aerial Appliances	15

### 1.5 Impairment Loss

If there has been an impairment loss due to a general change in price, the asset is written down to its recoverable amount, with the loss charged to the Revaluation Reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure within the Statement of Comprehensive Net Expenditure. If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the Statement of Comprehensive Net Expenditure and an amount up to the value of the impairment in the Revaluation Reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited firstly to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there and, thereafter, to the Revaluation Reserve.

### 1.6 Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure which meets the definition of capital restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-off and charged to operating expenses.

The overall useful lives of NIFRS buildings take account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on those assets at the same rate as if separate components had been identified and depreciated at different rates.

### 1.7 Intangible Assets

Intangible assets include software, licences, trademarks, websites, development expenditure, patents, goodwill and intangible assets under construction.

Software that is integral to the operating of hardware, for example, an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example, application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

### Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of NIFRS business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, NIFRS and where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date of commencement of the intangible asset, until it is complete and ready for use.

Intangible assets acquired separately are initially recognised at cost.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, and as no active market currently exists amortised replacement cost has been used as fair value.

## **1.8 Assets Classified as Held for Sale**

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that the sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset and the sale is considered likely to be concluded within 1 year. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value, less any material directly attributable selling costs. Fair value is open market value, where one is available, including alternative uses. Assets classified as held for sale are not depreciated.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount. The proceeds from the sale of assets is recognised within operating income. On disposal, the balance for the asset on the Revaluation Reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve.

Property, plant or equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

## **1.9 Inventories**

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

## **1.10 Income**

Operating income relates directly to the operating activities of NIFRS and is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

## **Grant-in-Aid**

Funding received from other entities, including the DoH, is accounted for as grant-in-aid and is reflected through the Statement of Changes in Taxpayers' Equity.

## **1.11 Investments**

NIFRS does not have any investments.

## **1.12 Other Expenses**

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

## **1.13 Cash and Cash Equivalents**

Cash includes cash-in-hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **1.14 Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

### **NIFRS as Lessee**

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated.

### **NIFRS as Lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## **1.15 Private Finance Initiative (PFI) Transactions**

NIFRS had no PFI transactions during the year.

## **1.16 Financial Instruments**

### **Financial Assets**

Financial assets are recognised on the Statement of Financial Position when NIFRS becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are de-recognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

### **Financial Liabilities**

Financial liabilities are recognised on the Statement of Financial Position when NIFRS becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

### **Financial Risk Management**

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Due to the manner in which it is funded, financial instruments play a more limited role within NIFRS in creating risk than would apply to a non public sector body of a similar size, therefore NIFRS is not exposed to the same degree of financial risk faced by business entities. NIFRS has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing NIFRS in undertaking activities. As a result, NIFRS is exposed to little credit, liquidity or market risk.

### **Currency Risk**

NIFRS is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. NIFRS has no overseas operations. NIFRS therefore has low exposure to currency rate fluctuations.

### **Interest Rate Risk**

NIFRS has no powers to borrow and limited powers to invest and therefore has low exposure to interest rate fluctuations.

### **Credit Risk**

As the majority of NIFRS income comes from contracts with other public sector bodies, NIFRS has low exposure to credit risk.

### **Liquidity Risk**

As NIFRS receives the majority of its funding through the DoH which is voted through the Assembly, it is not exposed to significant liquidity risks.

## **1.17 Provisions**

In accordance with IAS 37, provisions are recognised when:

- (a) NIFRS has a present legal or constructive obligation as a result of a past event;
- (b) it is probable that NIFRS will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account risks and uncertainties.

Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using DoF's discount rate of -2.70% (negative real rate) for 0 up to and including 5 years, -1.95% (negative real rate) after 5 years and up to 10 years and -0.80% in real terms for more than 10 years.

NIFRS has also disclosed the carrying amount at the beginning and end of the period, additional provisions made, amounts used during the period, unused amounts reversed during the period, increases in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of a receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where NIFRS has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when NIFRS has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

### **1.18 Contingencies**

Under IAS 37, NIFRS discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of NIFRS; or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of NIFRS. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

### **1.19 Employee Benefits**

#### **Short-Term Employee Benefits**

Under the requirements of IAS 19 (Employee Benefits), staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. For NIFRS administrative staff the carryover of annual leave has been accrued based on actual calculations. For the Wholetime and Regional Control Centre staff the option to carry forward leave is under exceptional circumstances only and requires the approval of the Chief Fire & Rescue Officer. As such there is no material annual leave accrual at 31 March 2017 or at 31 March 2016. Untaken flexi leave is estimated to be immaterial and has therefore not been provided for in these accounts.

#### **Retirement Benefit Costs**

##### **Compensation Scheme**

NIFRS also operates a Compensation Scheme under The Firefighters' Compensation Scheme Order (Northern Ireland) 2007. This Scheme makes provision for the payment of pensions, allowances and gratuities to and in respect of persons who die or are permanently disabled as the result of an injury sustained or disease contracted during their course of duty.

The Compensation Scheme is valued on an actuarial basis and accounted for in accordance with IAS 19 with remeasurements due to changes in assumptions recognised in other expenditure.

- [1] Current Service Cost is the increase in the present value of the scheme liabilities expected to arise from employee service in the current period.
- [2] Past Service Cost is the change in the present value of defined benefit obligations caused by employee service in prior periods. This cost arises from changes in post-employment benefits or other long-term employee benefits.
- [3] Interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time.
- [4] Remeasurements of the defined benefit liability comprise: experience gains and losses arising on pension liability, changes in take-up rate assumptions, changes in financial and demographic assumptions underlying the present value of the pension liabilities.

#### **NI Local Government Officers' Superannuation Committee Scheme (NILGOSC)**

NIFRS also participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC) for the majority of its Non-Uniformed and Regional Control Centre staff.

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2015 being linked to a final salary. Benefits after 31 March 2015 are on a Career Average Revalued Earnings Scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations (Northern Ireland) 2014' and 'The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014'



Employee contribution rates were fixed from April 2009 depending on the individual's pensionable remuneration. These contribution bands increased from 1 April 2018 and the revised bands and prior year bands are set out in the table below:

<b>FYE Pay 2017/18</b>	<b>Contribution Rate 2017/2018</b>	<b>FYE Pay 2018/19</b>	<b>Contribution Rate 2018/2019</b>
Up to £14,100	5.50%	Up to £14,500	5.50%
£14,101 to £21,500	5.80%	£14,501 to £22,100	5.80%
£21,501 to £35,900	6.50%	£22,101 to £36,900	6.50%
£35,901 to £43,400	6.80%	£36,901 to £44,700	6.80%
£43,401 to £85,800	8.50%	£44,701 to £88,300	8.50%
More than £85,800	10.50%	More than £88,300	10.50%

Employer contribution rates are determined by the Scheme's actuary every 3 years and are shown in the table below.

<b>Scheme</b>	<b>ERS RATE 2017/2018</b>	<b>ERS RATE 2018/2019</b>	<b>ERS RATE 2019/2020</b>
NILGOSC	18.0%	19.0%	20.0%

From 1st April 2017 NIFRS are also now required to pay an annual deficit funding contribution in addition to the pensionable pay contribution rates set out above. The annual contribution for 2017-18 will be £120,100.

Full actuarial valuations in respect of the NILGOSC Scheme are obtained at least triennially and updated annually thereafter. The latest full valuation of this Scheme was completed as at 31 March 2016.

The IAS 19 pension liability in respect of the NILGOSC Scheme is calculated annually by AON Hewitt using the projected unit credit method and applying a discount rate selected with reference to the rate of return on high quality corporate bonds of a similar currency and duration to the scheme liabilities (20 years).

The charge to the Statement of Comprehensive Net Expenditure consists of the Current Service Cost, Past Service Cost and Employer Contributions (included within operating costs), in addition to Interest Costs on the net defined benefit liability (included within Other Finance Income). Remeasurements are recognised in other comprehensive expenditure.

## 1.20 Reserves

### Statement of Comprehensive Net Expenditure Reserve

Accumulated amounts are accounted for in the Statement of Comprehensive Net Expenditure Reserve.

### Revaluation Reserve

The Revaluation Reserve reflects the unrealised balance of cumulative indexation and revaluation adjustments to assets.

## 1.21 Value Added Tax

Where output VAT is charged or input VAT is recoverable, amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

## 1.22 Third Party Assets

NIFRS does not hold assets belonging to third parties.

## 1.23 Losses and Special Payments

Losses and special payments are items that the Assembly would not have contemplated when it agreed funds for Northern Ireland Fire & Rescue Service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NIFRS not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). The note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses. Further details can be found in Section 2.3 of the Accountability and Audit Report.

#### **1.24 Government Grants**

NIFRS is funded by grants from the DoH and a cash based grant system is in operation. Under this system, amounts can be drawn down to finance payments during the year which are properly chargeable against the grant. The grant-in-aid is taken directly to the Statement of Changes in Taxpayers' Equity.

Government assistance for capital projects whether from the UK, or Europe, are treated as a government grant even where there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors.

#### **1.25 Taxation**

NIFRS is liable to mainstream corporation tax, which is accounted for on an accruals basis.

#### **1.26 Foreign Currency Transactions/Translation**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the Statement of Comprehensive Net Expenditure in the period in which they arise.

#### **1.27 Accounting Estimates**

In the preparation of the Annual Accounts, NIFRS makes certain accounting estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances.

The most significant estimates and assumptions relevant to NIFRS are in respect of provisions. Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgments, including assumptions concerning the future. The timing of outflow of resources to settle these obligations is subject to the same uncertain factors.

#### **1.28 Accounting standards that have been issued but have not yet been adopted**

A new standard on leases was issued in January 2016. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019. The standard provides for a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Accounting boundary IFRS are currently adapted in the FR&M so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

#### **1.29 Impact of implementation of ESA 2010 on research and development expenditure**

Following the introduction of the 2010 European System of Accounts (ESA10), there has been a change in the budgeting treatment (a change from the revenue budget to the capital budget) of research and development (R&D) expenditure. This is not applicable to NIFRS.

#### **1.30 Re-statement**

In 2016-17 NIFRS produced one set of Financial Statements incorporating both operational and pension accounts. At the time the Audit, Risk & Governance Committee was of the view that the pension figures were of such a magnitude in volume and complexity that they dominated and obscured the reading of the ordinary accounts. As a result a recommendation to separate both sets of figures into two sets of accounts was approved by the Audit, Risk & Governance Committee in June 2017. The 2016-17 Primary Statements' figures are therefore marked as restated.



## NOTE 2 - ANALYSIS OF NET EXPENDITURE BY SEGMENT

Within NIFRS, the Board represents the Chief Operating Decision Maker function and holds regular monthly meetings where key operational decisions are made based on information that is not segmented.

The strategic objective and core business of NIFRS is the provision of firefighting, rescue and fire safety services therefore there is only one reportable operating segment evident.

NIFRS collate and present information based on internal reporting requirements. The Board reviews and makes decisions on the activity and performance of the organisation as a whole, to deliver firefighting services.

## NOTE 3 - EXPENDITURE

	2018 £'000	2017 £'000 <i>restated</i>
*Staff costs:		
Wages and salaries	47,832	47,150
Social security costs	4,470	4,177
Other pension costs	10,602	11,144
Communications equipment	1,309	1,158
Office equipment & running costs	632	602
Medical expenses, subsistence & other	401	366
Transport	1,084	1,009
Operational equipment & maintenance costs	808	668
Premises	3,936	3,876
Uniforms	462	296
Contract catering, kitchen equipment & maintenance	26	19
Rentals under operating leases	475	475
Training	698	953
Fire safety publicity	105	85
Auditor remuneration	58	40
Non audit services	-	108
Miscellaneous expenditure	2,145	1,178
Proceeds from Sale of Assets	(177)	(80)
<b>Non cash items</b>		
NBV on disposal of property, plant & equipment (including land)	20	4
Depreciation	6,383	6,358
Amortisation	136	220
Impairments	(3,697)	(1,085)
Pension costs - NILGOSC	963	420
Increase in provisions (provision provided for in year less any release)	9,085	16,514
Cost of borrowing	2,377	2,453
<b>Total</b>	<b>90,133</b>	<b>98,108</b>

\*Further detailed analysis of staff costs is included in the Staff Report on page 87 within the Accountability Report.

During the year NIFRS purchased no non audit services from its external auditor (NIAO).

## NOTE 4 - INCOME

### 4.1 Income from Activities

	2018 £'000	2017 £'000
Provision of fire cover - other bodies	124	81
Fire reports/certificates	15	14
Training courses	12	11
Trade Union Deduction Service	20	20
Sundry income from fees and charges	14	-
Loss Prevention Council	193	192
Insurance claims	12	16
Other income	45	86
<b>Total</b>	<b>435</b>	<b>420</b>

### 4.2 Deferred Income

Deferred income refers to rents received relating to the year 18/19.

### 4.3 Other Income

This note is not applicable to NIFRS.

## NOTE 5 - PROPERTY, PLANT & EQUIPMENT

### 5.1 Property, Plant & Equipment - year ended 31 March 2018

	Land £'000	Buildings (excluding dwellings) £'000	Assets under Construction £'000	Plant and Machinery (Equipment) £'000	Transport Equipment £'000	Information Technology (IT) £'000	Furniture and Fittings £'000	Total £'000
<b>Cost or Valuation</b>								
At 1 April 2017	12,015	59,378	4,117	12,800	39,764	2,415	224	130,713
Indexation	1,410	(1,832)	-	240	1,325	77	(2)	1,218
*Additions	1,800	84	6,715	163	3,292	369	-	12,423
Transfers	-	57	(2,976)	21	2,898	-	-	-
Reversal of impairments (indexation)	-	-	-	-	(52)	-	-	(52)
Disposals	-	-	-	(49)	(1,790)	-	-	(1,839)
At 31 March 2018	<b>15,225</b>	<b>57,687</b>	<b>7,856</b>	<b>13,175</b>	<b>45,437</b>	<b>2,861</b>	<b>222</b>	<b>142,463</b>
<b>Depreciation</b>								
At 1 April 2017	-	7,580	-	8,116	21,411	1,510	219	38,836
Indexation	-	(8,520)	-	166	732	52	(2)	(7,572)
Reversal of impairments (indexation)	-	-	-	-	(44)	-	-	(44)
Disposals	-	-	-	(49)	(1,770)	-	-	(1,819)
Provided during the year	-	1,764	-	1,008	3,379	228	4	6,383
At 31 March 2018	-	<b>824</b>	-	<b>9,241</b>	<b>23,708</b>	<b>1,790</b>	<b>221</b>	<b>35,784</b>
<b>Carrying Amount</b>								
At 31 March 2018	<b>15,225</b>	<b>56,863</b>	<b>7,856</b>	<b>3,934</b>	<b>21,729</b>	<b>1,071</b>	<b>1</b>	<b>106,679</b>
At 31 March 2017	<b>12,015</b>	<b>51,798</b>	<b>4,117</b>	<b>4,684</b>	<b>18,353</b>	<b>905</b>	<b>5</b>	<b>91,877</b>
<b>Asset financing</b>								
Owned	15,225	56,863	7,856	3,934	21,729	1,071	1	106,679
<b>Carrying Amount</b>								
At 31 March 2018	<b>15,225</b>	<b>56,863</b>	<b>7,856</b>	<b>3,934</b>	<b>21,729</b>	<b>1,071</b>	<b>1</b>	<b>106,679</b>

\*The addition of £1,800k relates to a land transfer and is explained in note 25.2

Any fall in value through negative indexation or revaluation is shown as an impairment.

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure in respect of assets held under finance leases and hire purchase contracts is £NIL (2017 : £NIL).

## NOTE 5 - PROPERTY, PLANT & EQUIPMENT

### 5.2 Property, Plant & Equipment - year ended 31 March 2017

	Land £'000	Buildings (excluding dwellings) £'000	Assets under Construction £'000	Plant and Machinery (Equipment) £'000	Transport Equipment £'000	Information Technology (IT) £'000	Furniture and Fittings £'000	Total £'000
<b>Cost or Valuation</b>								
At 1 April 2016	11,443	57,968	805	11,814	39,271	1,550	224	123,075
Indexation	193	644	-	256	729	104	-	1,926
Additions	-	(6)	4,011	784	1,019	591	-	6,399
Transfers	-	-	(699)	-	542	157	-	0
Impairment charged to SoCNE	379	798	-	-	-	13	-	1,190
Impairment charged to the Revaluation Reserve	-	-	-	-	-	-	-	-
Reversal of impairments (indexation)	-	-	-	-	-	-	-	-
Disposals	-	(26)	-	(54)	(1,797)	-	-	(1,877)
At 31 March 2017	<b>12,015</b>	<b>59,378</b>	<b>4,117</b>	<b>12,800</b>	<b>39,763</b>	<b>2,415</b>	<b>224</b>	<b>130,713</b>
<b>Depreciation</b>								
At 1 April 2016	-	5,516	-	7,010	19,553	1,243	212	33,534
Indexation	-	74	-	165	395	78	-	712
Transfers	-	-	-	-	-	-	-	-
Impairment charged to SoCNE	-	-	-	-	-	-	-	-
Impairment charged to the Revaluation Reserve	-	-	-	-	-	-	-	-
Reversal of impairments (indexation)	-	98	-	-	-	7	-	105
Disposals	-	(26)	-	(54)	(1,793)	-	-	(1,873)
Provided during the year	-	1,918	-	995	3,256	182	7	6,358
At 31 March 2017	<b>-</b>	<b>7,580</b>	<b>-</b>	<b>8,116</b>	<b>21,411</b>	<b>1,510</b>	<b>219</b>	<b>38,836</b>
<b>Carrying Amount</b>								
At 31 March 2017	<b>12,015</b>	<b>51,797</b>	<b>4,117</b>	<b>4,685</b>	<b>18,352</b>	<b>905</b>	<b>5</b>	<b>91,877</b>
At 31 March 2016	<b>11,443</b>	<b>52,452</b>	<b>805</b>	<b>4,804</b>	<b>19,718</b>	<b>307</b>	<b>12</b>	<b>89,541</b>
<b>Asset financing</b>								
Owned	12,015	51,797	4,117	4,685	18,352	905	5	91,877
<b>Carrying Amount</b>								
At 31 March 2017	<b>12,015</b>	<b>51,797</b>	<b>4,117</b>	<b>4,685</b>	<b>18,352</b>	<b>905</b>	<b>5</b>	<b>91,877</b>

Any fall in value through negative indexation or revaluation is shown as an impairment.

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure in respect of assets held under finance leases and hire purchase contracts is £NIL (2016: £NIL).

## NOTE 6 - INTANGIBLE ASSETS

### 6.1 Intangible Assets - Year ended 31 March 2018

	Software Licenses £'000	Information Technology £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 2017	548	1,897	59	2,504
Additions			792	792
At 31 March 2018	<b>548</b>	<b>1,897</b>	<b>851</b>	<b>3,296</b>
<b>Amortisation</b>				
At 1 April 2017	347	1,787	-	2,134
Provided during the year	136			136
At 31 March 2018	<b>483</b>	<b>1,787</b>	<b>-</b>	<b>2,270</b>
<b>Carrying Amount</b>				
At 31 March 2018	<b>65</b>	<b>110</b>	<b>851</b>	<b>1,026</b>
At 31 March 2017	<b>201</b>	<b>110</b>	<b>59</b>	<b>370</b>
<b>Asset Financing</b>				
Owned	65	110	851	1,026
<b>Carrying Amount</b>				
At 31 March 2018	<b>65</b>	<b>110</b>	<b>851</b>	<b>1,026</b>

## NOTE 6 - INTANGIBLE ASSETS

### 6.2 Intangible Assets - Year ended 31 March 2017

	Software Licenses £'000	Information Technology £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 2016	532	1,859	59	2,450
Additions	16	38	- *	54
Transfers		-	-	0
At 31 March 2017	<b>548</b>	<b>1,897</b>	<b>59</b>	<b>2,504</b>
<b>Amortisation</b>				
At 1 April 2016	277	1,637	-	1,914
Transfers				0
Provided during the year	70	150	-	220
At 31 March 2017	<b>347</b>	<b>1,787</b>	<b>-</b>	<b>2,134</b>
<b>Carrying Amount</b>				
At 31 March 2017	<b>201</b>	<b>110</b>	<b>59</b>	<b>370</b>
At 31 March 2016	<b>255</b>	<b>222</b>	<b>59</b>	<b>536</b>
<b>Asset Financing</b>				
Owned	201	110	59	370
<b>Carrying Amount</b>				
At 31 March 2017	<b>201</b>	<b>110</b>	<b>59</b>	<b>370</b>

Any fall in value through negative indexation or revaluation is shown as an impairment.

\* The £59k AUC relates to two software licence projects : (1) E-recruitment system £22k; and (2) Geographic Information System (GIS) upgrade £37k.

## NOTE 7 - FINANCIAL INSTRUMENTS

As the cash requirements of NIFRS are met through Grant-in-Aid provided by the Department of Health, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with NIFRS expected purchase and usage requirements and NIFRS is therefore exposed to little credit, liquidity or market risk.

NIFRS did not have any financial instruments at either 31 March 2018 or 31 March 2017.

## NOTE 8 - IMPAIRMENTS

### Operating Account

2018

	Property Plant & Equipment £'000	Intangibles £'000	Total £'000
Total value of impairments for the year	8	-	8
Impairments which Revaluation Reserve covers (shown in Other Comprehensive Expenditure)	(3,705)	-	(3,705)
<b>Impairments credited to Statement of Comprehensive Net Expenditure</b>	<b>(3,697)</b>	<b>-</b>	<b>(3,697)</b>

2017

	Property Plant & Equipment £'000	Intangibles £'000	Total £'000
Total value of impairments for the year	(1,085)	-	(1,085)
Impairments which Revaluation Reserve covers (shown in Other Comprehensive Expenditure)	-	-	-
<b>Impairments credited to Statement of Comprehensive Net Expenditure</b>	<b>(1,085)</b>	<b>-</b>	<b>(1,085)</b>

## NOTE 9 - ASSETS CLASSIFIED AS HELD FOR SALE

	Land		Buildings		Vehicles		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>								
At 1 April	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-
At 31 March	-	-	-	-	-	-	-	-
<b>Depreciation</b>								
At 1 April	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-
At 31 March	-	-	-	-	-	-	-	-
<b>Carrying amount</b>								
At 31 March 2018	-	-	-	-	-	-	-	-
At 31 March 2017	-	-	-	-	-	-	-	-

Assets 'held for sale' comprise assets which are held for sale rather than for continuing use within the business.

At the 2017/18 year end NIFRS had no 'held for sale' assets (2016/17: nil).



**NOTE 10 - INVENTORIES**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Uniforms	431	395
Firefighting Equipment	185	219
Stationery	32	30
Transport	152	205
Fuel	100	89
Other	4	7
<b>Total</b>	<b>904</b>	<b>945</b>

## NOTE 11 - CASH AND CASH EQUIVALENTS

	<b>2018</b> <b>Operating</b> <b>£'000</b>	<b>2017</b> <b>Operating</b> <b>£'000</b>
Balance at 1 April	(639)	(395)
Net change in cash and cash equivalents	244	(244)
<b>Balance at 31 March</b>	<b>(395)</b>	<b>(639)</b>
<b>The following balances at 31 March were held at :</b>		
Commercial banks and cash in hand	(395)	(639)
<b>Balance at 31 March</b>	<b>(395)</b>	<b>(639)</b>

## NOTE 12 - TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS

	2018 Operating £'000	2017 Operating £'000
<b>Amounts falling due within 1 year</b>		
Trade receivables	276	216
VAT receivable	2,495	1,254
Other receivables - not relating to fixed assets	-	1
<b>Trade and Other Receivables</b>	<b>2,771</b>	<b>1,471</b>
Prepayments	342	361
<b>Other Current Assets</b>	<b>342</b>	<b>361</b>
Amounts falling due after more than 1 year	-	-
<b>Total Trade and Other Receivables</b>	<b>2,771</b>	<b>1,471</b>
<b>Total Other Current Assets</b>	<b>342</b>	<b>361</b>
<b>Total Receivables and Other Current Assets</b>	<b>3,113</b>	<b>1,832</b>

The balances are net of a provision for bad debts of £Nil (2016/17: £Nil).

## NOTE 13 - TRADE PAYABLES, FINANCIAL AND OTHER LIABILITIES

### 13.1 Trade Payables, Financial and Other Liabilities

	<b>2018</b> <b>Operating</b> <b>£'000</b>	<b>2017</b> <b>Operating</b> <b>£'000</b>
<b>Amounts falling due within 1 year</b>		
Other taxation and social security	1,044	374
Trade capital payables - property, plant and equipment	4,970	1,859
Trade revenue payables	2,984	3,200
Payroll payables	3,881	2,527
Deferred income	6	-
<b>Trade and Other Payables</b>	<b>12,885</b>	<b>7,960</b>
 <b>Total Payables falling due within 1 year</b>	 <b>12,885</b>	 <b>7,960</b>
 <b>Amounts falling due after more than 1 year</b>	 -	 -
 <b>Total Non Current Other Payables</b>	 -	 -
 <b>Total Trade Payables and Other Current Liabilities</b>	 <b>12,885</b>	 <b>7,960</b>

## **NOTE 14 - PROMPT PAYMENT POLICY**

### **14.1 Public Sector Payment Policy - Measure of Compliance**

DoH requires that NIFRS pay their trade creditors in accordance with the Better Payments Practice Code and Government Accounting rules. NIFRS' payment policy is consistent with the Better Payments Practice Code and Government Accounting rules and its measure of compliance is:

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>Number</b>	<b>Value £'000</b>	<b>Number</b>	<b>Value £'000</b>
Total bills paid	<b>10,190</b>	<b>27,250</b>	<b>10,048</b>	<b>20,092</b>
Total bills paid within 30 day target or under agreed payment terms	<b>8,937</b>	<b>24,126</b>	<b>9,587</b>	<b>18,955</b>
% of bills paid within 30 day target or under agreed payment terms	<b>87.7%</b>	<b>88.5%</b>	<b>95.4%</b>	<b>94.3%</b>
Total bills paid within 30 days of receipt of a previously disputed invoice	<b>9,016</b>	<b>25,790</b>	<b>9,726</b>	<b>19,325</b>
% of bills paid within 30 days of receipt of a previously disputed invoice	<b>88.5%</b>	<b>94.6%</b>	<b>96.8%</b>	<b>96.2%</b>
Total bills paid within 10 day target	<b>6,819</b>	<b>18,721</b>	<b>8,446</b>	<b>17,129</b>
% of bills paid within 10 day target	<b>66.9%</b>	<b>68.7%</b>	<b>84.1%</b>	<b>85.3%</b>

### **14.2 The Late Payment of Commercial Debts Regulations 2002**

The amount included within interest payable arising from claims made by businesses under this legislation is £NIL (2016/17: £100.26).

## NOTE 15 - PROVISIONS FOR LIABILITIES AND CHARGES - 2018

	Insurance	Firefighters' Compensation Scheme	2018 Total
	£'000	£'000	
Balance at 1 April 2017	1,335	84,370	85,705
Provided in year	1,021	-	1,021
Provided in year - current service cost	-	330	330
Provided in year - past service cost	-	130	130
(Provisions not required written back)/changes in underlying assumptions	(136)	7,740	7,604
Provision utilised in the year	(556)	(2,976)	(3,532)
Cost of borrowing	47	2,330	2,377
<b>At 31 March 2018</b>	<b>1,711</b>	<b>91,924</b>	<b>93,635</b>

### Analysis of expected timing of cashflows

	Insurance	Firefighters' Compensation Scheme	2017 Total
	£'000	£'000	£'000
Not later than 1 year	1,711	3,070	4,781
Later than 1 year and not later than 5 years	-	12,540	12,540
Later than 5 years	-	76,314	76,314
<b>At 31 March 2018</b>	<b>1,711</b>	<b>91,924</b>	<b>93,635</b>

### Insurance Provision

NIFRS operates a policy of limited self insurance and has detailed above a provision of £1,711k (2017: £1,335k) in respect of Public Liability, Employer Liability, Vehicle Liability and Breach of Employment Law claims which were unsettled at 31 March 2018. The provision is calculated based on estimates provided by NIFRS.

An Insurance Officer liaises with relevant third parties, with the exception of employment claims where Belfast City Council provides the information directly to the Finance Department. The provision is calculated using DoF's discount rate of 2.42% negative in real terms.

### Firefighters' Compensation Scheme

The Compensation Scheme makes provision for the payment of pensions, allowances and gratuities to and in respect of persons who die or are permanently disabled as the result of an injury sustained or disease contracted while employed by NIFRS. GAD performed a valuation as at 31 March 2018 leading to the provision of £91,924k (2017: £84,370k) as shown above.

The principal financial assumptions applied to the Firefighters' Compensation Scheme valuation are summarised below:

	2018 %	2017 %	2016 %
Discount rate	2.55	2.80	3.60
Price inflation (CPI)	2.45	2.55	2.20
Rate of increase in pensionable salaries	3.95	4.55	4.20
Rate of increase in pensions	2.45	2.55	2.20

## NOTE 15 - PROVISIONS FOR LIABILITIES AND CHARGES - 2017

	Insurance	Firefighters' Compensation Scheme	2017 Total
	£'000	£'000	£'000
Balance at 1 April 2016	1,438	68,807	70,245
Provided in year	591	-	591
Provided in year - current service cost	-	410	410
Provided in year - past service cost	-	130	130
(Provisions not required written back)/changes in underlying assumptions	(118)	15,501	15,383
Provision utilised in the year	(599)	(2,908)	(3,507)
Cost of borrowing	23	2,430	2,453
<b>At 31 March 2017</b>	<b>1,335</b>	<b>84,370</b>	<b>85,705</b>

### Analysis of expected timing of cashflows

	Insurance	Firefighters' Compensation Scheme	2017 Total
	£'000	£'000	£'000
Not later than 1 year	1,222	2,940	4,162
Later than 1 year and not later than 5 years	113	11,550	11,663
Later than 5 years	-	69,880	69,880
<b>At 31 March 2017</b>	<b>1,335</b>	<b>84,370</b>	<b>85,705</b>

## NOTE 16 - PENSION AND SIMILAR OBLIGATIONS

The majority of Non-Uniformed and Regional Control Centre staff within NIFRS are members of the NILGOSC Scheme, a multi-employer defined benefit scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent basis.

### Financial assumptions

The principal financial assumptions applied to the NILGOSC valuation are summarised below:

	2018 %	2017 %	2016 %
Discount rate	2.6	2.6	3.5
Price inflation (CPI)	2.1	2.0	1.8
Rate of increase in pensionable salaries	3.6	3.5	3.3
Pension accounts revaluation rate	2.1	2.0	1.8
Pension increases	2.1	2.0	1.8

### The future life expectancies at age 65 are summarised below:

	2018		2017	
	Males	Females	Males	Females
65 year old current pensioner	23.3 years	25.9 years	23.2 years	25.8 years
45 year old future pensioner at age 65	25.5 years	28.2 years	25.4 years	28.1 years

	Expected rate of return 31 March 2018 % per annum	Assets at 31 March 2018 £'000	Expected rate of return 31 March 2017 % p.a.	Assets at 31 March 2017 £'000
Equities	71.3%	50,897	74.3%	50,227
Bonds	12.4%	8,852	11.5%	7,774
Property	0.0%	-	10.5%	7,098
Cash/Other	4.6%	3,284	2.6%	1,758
Unquoted	11.7%	8,352	1.1%	744
Fair value of scheme assets		71,385		67,601
Present value of funded obligations		(88,309)		(83,156)
<b>Net liability</b>		<b>(16,924)</b>		<b>(15,555)</b>

The Local Government Pension Scheme elements recognised within the Statement of Comprehensive Net Expenditure and the Statement of Financial Position are set out overleaf



### Amount charged to operating expenditure

	2018 £'000	2017 £'000
Current Service Cost	2,064	1,666
Past service cost	18	71
Employers contributions	(1,245)	(1,395)
Movement	126	78
	<u>(1,119)</u>	<u>(1,317)</u>
<b>Total operating charge</b>	<b><u>963</u></b>	<b><u>420</u></b>

### Amount charged to interest

	2018 £'000	2017 £'000
Interest income on assets	(1,762)	(2,029)
Interest expense on defined benefit obligation	2,150	2,302
<b>Net interest charge</b>	<b><u>388</u></b>	<b><u>273</u></b>

### Amount charged to the Statement of Changes in Taxpayers' Equity

	2018 £'000	2017 £'000
Return on plan assets in excess of that recognised in net interest	<u>(1,714)</u>	<u>(7,373)</u>
Actuarial losses/(gains) due to liability experience	282	(1,902)
Actuarial losses due to changes in financial assumptions	1,576	16,498
Actuarial (gain) due to changes in demographic assumptions	-	(797)
Movement*	<u>(126)</u>	<u>(78)</u>
	<u>1,732</u>	<u>13,721</u>
	<b><u>18</u></b>	<b><u>6,348</u></b>

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Change in pension assets</b>		
Opening fair value of assets	67,601	57,702
Interest income on assets	1,762	2,029
Contributions by participants	396	427
Contributions by employer	<u>1,245</u>	<u>1,395</u>
	<u>1,245</u>	<u>1,395</u>
Remeasurement gains/(losses) on assets	1,714	7,373
Net benefits paid out	<u>(1,333)</u>	<u>(1,325)</u>
	<u>(1,333)</u>	<u>(1,325)</u>
<b>Closing fair value of assets</b>	<b><u>71,385</u></b>	<b><u>67,601</u></b>

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Change in benefit obligations</b>		
Opening defined benefit obligation	83,156	66,215
Current service cost	2,064	1,666
Past service cost	18	71
Interest expense on defined benefit obligation	2,150	2,302
Contributions by participants	396	427
<i>Remeasurements:</i>		
Actuarial loss/ (gain) due to liability experience	282	(1,902)
Actuarial loss due to changes in financial assumptions	1,576	16,498
Actuarial (gain) due to changes in demographic assumptions	<u>-</u>	<u>(797)</u>
	<u>1,858</u>	<u>13,799</u>
Net benefits paid out	<u>(1,333)</u>	<u>(1,325)</u>
	<u>(1,333)</u>	<u>(1,325)</u>
<b>Closing defined benefit obligation</b>	<b><u>88,309</u></b>	<b><u>83,156</u></b>

\* The contributions and benefits paid figures within the provision are calculated on an accruals basis thus differing slightly from the figures provided by AON Hewitt at year end. This accounts for the small movement figures detailed above.

## NOTE 16 - PENSION AND SIMILAR OBLIGATIONS

### Amounts for the current and previous accounting periods

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Fair value of assets	71,385	67,601	57,702	55,486	48,559
Present value of defined benefit obligation	(88,309)	(83,156)	(66,215)	(67,661)	(57,908)
<b>Net deficit</b>	<b>(16,924)</b>	<b>(15,555)</b>	<b>(8,513)</b>	<b>(12,175)</b>	<b>(9,349)</b>
Experience (losses)/gains on assets	1,714	7,373	(200)	4,296	991
Experience (losses)/gains on liabilities	(282)	1,902	417	244	(1,399)
	<b>1,432</b>	<b>9,275</b>	<b>217</b>	<b>4,540</b>	<b>(408)</b>
Remeasurement (losses)/gains on assets	1,714	7,373	(200)	4,296	991
Remeasurement (losses)/gains on obligation	(1,858)	(13,799)	4,597	(6,454)	1,949
Remeasurement (losses)/gains recognised in other comprehensive expenditure (before adjustment for movement)	<b>(144)</b>	<b>(6,426)</b>	<b>4,397</b>	<b>(2,158)</b>	<b>2,940</b>

The projected pension expense for the year to 31 March 2019, to be charged to the Statement of Comprehensive Net Expenditure in 2019, is shown in the table below.

	31 March 2019 £'000
Current service cost	2,196
Net interest on net defined benefit liability	423
<b>Projected pension expense</b>	<b>2,619</b>

### Sensitivity analysis

The calculation of the pension liability is sensitive to the assumptions set out above. The following table summarises the impact on the pension liability at 31 March 2018 of changes in key assumptions:

	Approximate % increase/ (decrease) in liability	Approximate monetary increase/ (decrease) in liability £'000
0.1% decrease in Discount Rate	2.0	1,837
1 year increase in Member Life Expectancy	(2.9)	(2,676)
0.1% decrease in the Salary Increase Rate	(0.6)	(521)
0.1% decrease in the Pension Increase Rate	(1.4)	(1,285)

In each case, only the assumption mentioned is altered, all other assumptions remain unchanged.

Whilst the above analysis does not take account of the full distribution of cash flows expected under the Scheme, it does provide an approximation to the sensitivity of the assumptions shown.

## NOTE 17 - CAPITAL COMMITMENTS

Contracted capital commitments at 31 March 2018 not otherwise included in these annual accounts are as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Property, plant and equipment	5,055	8,538
	<b><u>5,055</u></b>	<b><u>8,538</u></b>

## NOTE 18 - COMMITMENTS UNDER LEASES

### 18.1 Finance Leases

This note is not applicable to NIFRS.

### 18.2 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Land</b>		
Not later than 1 year	382	382
Later than 1 year and not later than 5 years	1,527	1,527
Later than 5 years	18,994	19,375
	<b><u>20,903</u></b>	<b><u>21,284</u></b>
<b>Buildings</b>		
Not later than 1 year	91	37
Later than 1 year and not later than 5 years	117	5
Later than 5 years	-	-
	<b><u>208</u></b>	<b><u>42</u></b>
<b>Other</b>		
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<b><u>-</u></b>	<b><u>-</u></b>

Total future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period are as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Sublease payments	28	33
	<b><u>28</u></b>	<b><u>33</u></b>
Lease payments recognised as an expense in the period	1,038	987
	<b><u>1,038</u></b>	<b><u>987</u></b>

NIFRS holds only one significant lease in respect of land.

### 18.3 Operating Leases - Commitments under Lessor Agreements

Total future minimum lease payments receivable under operating leases are given in the table below.

	2018 £'000	2017 £'000
Obligations under operating leases issued by NIFRS comprise:		
<b>Land &amp; Buildings</b>		
Not later than 1 year	9	15
Later than 1 year and not later than 5 years	29	39
Later than 5 years	11	11
	<u>49</u>	<u>65</u>
<b>Other</b>		
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>-</u>

### NOTE 19 - COMMITMENTS UNDER PFI AND OTHER SERVICE CONCESSION ARRANGEMENTS

#### 19.1 Off balance sheet PFI contracts and other service concession arrangements

This note is not applicable to NIFRS.

### NOTE 20 - OTHER FINANCIAL COMMITMENTS

NIFRS has entered into non-cancellable contracts (which are not leases or PFI contracts). The payments to which NIFRS has committed during 2017/18 analysed by the period during which the commitment expires are as follows:

	2018 £'000	2017 £'000
Expires within 1 year	88	93
Expiry after 1 year but not more than 5 years	-	-
Expiry thereafter	-	-
	<u>88</u>	<u>93</u>

### NOTE 21 - FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT

NIFRS did not have any financial instruments at 31 March 2018 or 31 March 2017.

## NOTE 22 - CONTINGENT LIABILITIES

Material contingent liabilities are noted in the table below, where there is a 50% or less probability that a payment will be required to settle any possible obligations. The amounts or timing of any outflow will depend on the merits of each case.

	2018 £'000	2017 £'000
<b>Limited Self Insurance</b>		
Public Liability	-	-
Employer Liability	263	154
Vehicle Liability	72	80
Employment Liability	-	(3)
	<u>335</u>	<u>231</u>

### Self Insurance

NIFRS operates a policy of limited self insurance and has detailed at Note 15 a provision of £1,711k in respect of Public Liability, Employer Liability, Vehicle Liability and Breach of Employment Law claims which were unsettled at 31 March 2018. While this is the anticipated sum to meet the liability there is potential for a further liability of £335k. NIFRS policy is to vigorously defend all cases.

### Discount rate

A new discount rate which courts must consider when awarding compensation for future financial losses in the form of a lump sum in personal injury cases came into effect in England and Wales on 20 March 2017. The Department of Justice has power to prescribe the discount rate for Northern Ireland (in consultation with the Government Actuary and Department of Finance). The discount rate is under active consideration by the Department but will require Ministerial consideration once a Minister is in post and any change would require secondary legislation. As such, it has not been possible at this time to quantify the potential impact of NIFRS of any change in the discount rate.

## NOTE 23 - RELATED PARTY TRANSACTIONS

NIFRS is an arms length body of the Department of Health and as such the Department is a related party with which NIFRS has had various material transactions during the year.

On appointment, Board Members and members of the Corporate Management Team are required to declare any personal, financial and business interest which may conflict with their role within NIFRS.

All are required to declare this information on an annual basis and to amend if circumstances change during the year. These Declarations of Interests are maintained and monitored by the Business Assurance Unit within the Operations Directorate.

No other interests were declared which may conflict with Board responsibilities.

The Director of Planning, Performance & Governance (resigned 22 May 2017) declared a link to the Directors of Graham Facility Management. During the year ended 31 March 2018 NIFRS made direct payments of £460,509 (2016/17: £240,064) to this company. The Director of Planning, Performance & Governance had no dealings with the contract management arrangements.

No other interests were declared which may conflict with CMT responsibilities.

## NOTE 24 - THIRD PARTY ASSETS

This note is not applicable to NIFRS.

## NOTE 25 - FINANCIAL PERFORMANCE TARGETS

### 25.1 Revenue Resource Limit

NIFRS is given a Revenue Resource Limit which it is not permitted to overspend.

The Revenue Resource Limit (RRL) for NIFRS is calculated as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
DoH (excludes non cash)	74,448	72,824
Non cash RRL (from the DOH)	15,655	25,156
<b>Total Revenue Resource Limit to Statement of Comprehensive Net Expenditure</b>	<b>90,103</b>	<b>97,980</b>

### 25.2 Capital Resource Limit

NIFRS is given a Capital Resource Limit (CRL) which it is not permitted to overspend.

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Gross Capital Expenditure *	11,415	6,453
Receipts from sale of fixed assets up to NBV	(20)	(4)
Net capital expenditure	11,395	6,449
Capital Resource Limit	(11,752)	(6,517)
<b>Overspend/ (Underspend) against CRL</b>	<b>(357)</b>	<b>(68)</b>

\* The Gross Capital Expenditure figures includes total capital additions of £12,423k in note 5.1 PPE and £792k in note 6.1 Intangibles. The total figure of £13,215k is adjusted for a non-cash transfer of land of £1,800k as part of the Learning and Development Centre project at Desertcreat.

### 25.3 Financial Performance Targets

NIFRS is required to ensure that it breaks even on an annual basis by containing its net expenditure to within 0.25% of RRL limits.

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Net Expenditure	(90,084)	(97,968)
RRL	<u>90,103</u>	<u>97,980</u>
Surplus against RRL	19	12
Break Even cumulative position (opening)	245	233
Break Even Cumulative position (closing)	<u><b>264</b></u>	<u><b>245</b></u>

#### Materiality Test:

	<b>2018</b> <b>%</b>	<b>2017</b> <b>%</b>
Break Even in year position as % of RRL	<u><b>0.02</b></u>	<u><b>0.01</b></u>
Break Even cumulative position as % of RRL	<u><b>0.29</b></u>	<u><b>0.25</b></u>



## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

### NOTE 26 - CORPORATION TAX

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Corporation Tax	(2)	7
	<u><b>(2)</b></u>	<u><b>7</b></u>

### NOTE 27 - EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period having a material effect on the Annual Accounts.

### NOTE 28 - DATE AUTHORISED FOR ISSUE

The Accounting Officer authorised these Annual Accounts for issue on 29 June 2018.

## **NORTHERN IRELAND FIRE & RESCUE SERVICE**

### **THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

#### **Opinion on financial statements**

I certify that I have audited the financial statements of the Northern Ireland Fire and Rescue Service Pension Schemes for the year ended 31 March 2018 under the Fire and Rescue Services (Northern Ireland) Order 2006. The financial statements comprise the Combined Statement of Comprehensive Net Expenditure, Combined Statement of Financial Position, Combined Statement of Cash Flows, Combined Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Fire and Rescue Service Pension Schemes' affairs as at 31 March 2018 and of the Combined Net Expenditure during the year and of the amount and disposition at that date of its assets and liabilities other than liabilities to pay benefits after the Scheme year end; and
- have been properly prepared in accordance with the Fire and Rescue Services (Northern Ireland) Order 2006 and Department of Health directions issued thereunder.

#### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Northern Ireland Fire and Rescue Service in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### **Other Information**

The Board and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Opinion on other matters**

In my opinion:

- the information given in the Report of the Managers' for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Fire and Rescue Services (Northern Ireland) Order 2006.

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

My detailed observations are included in my report attached to the financial statements.

*KJ Donnelly*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*106 University Street*  
*Belfast*  
*BT7 1EU*

*29 June 2018*

## NORTHERN IRELAND FIRE & RESCUE SERVICE

### THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

#### Introduction

- 1 The Northern Ireland Fire and Rescue Service (NIFRS) is a Non-Departmental Public Body, sponsored by the Department of Health (the Department) and has responsibility for providing rescue services across Northern Ireland. In 2017-18, NIFRS incurred expenditure of £91 million.
- 2 Last year, I attached a report to the NIFRS financial statements outlining my concerns on a lack of progress in implementing internal audit recommendations, some of which have been outstanding for a number of years. I also gave an undertaking to continue to monitor this situation.

#### Internal Audit

- 3 Business Services Organisation (BSO) were appointed to provide the internal audit function for NIFRS from 1 April 2014. For the first 3 years the overall annual assurance opinion was 'Limited'.
- 4 This year, 2017-18 the Head of Internal Audit has provided a 'Satisfactory' overall opinion in relation to the adequacy and effectiveness of the system of governance, risk management and control in place at NIFRS. The Head of Internal Audit does, however, caution that further work is required within NIFRS to sustain the improvements made to date and to ensure a 'Satisfactory' framework is sustained within the organisation going forward.
- 5 The basis of the overall opinion includes both the outcome of the individual areas examined by internal audit during 2017-18 and the results of year end follow up work on previous audit recommendations. The results of internal audit reports in the last four years are at **Figure 1**.

**Figure 1: Internal Audit Results (2014-15 to 2017-18)**

	2017-18	2016-17	2015-16	2014-15
Unacceptable	1 <sup>1</sup>	2	0	0
Limited opinion	4	5	5	7
Partially limited	0	1	3	2
Satisfactory	8	3	5	4
Substantial <sup>2</sup>	0	1	0	0
% of satisfactory/ substantial reports	62%	33%	38%	31%

Note 1: The Head of Internal audit noted that one audit planned as part of the 2017-18 programme was deferred because of limited progress in enhancing control in the area (pensions) such that, had an audit been carried out, it would have presented similar findings to that previously reported and would have resulted in the audit classification remaining unacceptable. As this unacceptable assurance classification was considered in terms of the Head of Internal Audit's overall opinion, it has been included in the table above.

Note 2: From 2017-18, the substantial classification has been removed.

- 6 Each internal audit report will make a number of recommendations for improvement and then agree actions with NIFRS management. The number of these recommendations which have not been fully implemented has reduced in recent years from a high of 237 in 2014-15 to 104 at the end of this year. However only 23 per cent of all outstanding recommendations relate to 2016-17 or 2017-18 audit reports and the remainder are between three and nine years old (see **Figure 2**). As a result, I continue to have concerns over both the number of outstanding recommendations not fully implemented and the long period over which the majority of these have been outstanding.

**Figure 2: Outstanding Internal Audit Recommendations (by year of recommendation)**

	<b>Partially implemented</b>	<b>Not implemented</b>	<b>Total</b>
2008-09	2	-	2
2010-11	3	-	3
2011-12	5	-	5
2012-13	23	-	23
2013-14	11	-	11
2014-15	26	1	27
2015-16	9	-	9
2016-17	16	-	16
2017-18	7	1	8
<b>Total</b>	<b>102</b>	<b>2</b>	<b>104</b>

- 7 Of the 104 agreed internal audit recommendations that have not yet been fully implemented, 39 were designated priority 1 by Internal Audit. A priority 1 issue is defined as 'Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds'.
- 8 Some of the Priority 1 issues identified by Internal Audit include:
- Action is needed to improve the stability and resilience of the current payroll pension system;
  - The absence of an automated pension system means that Annual Benefit Statements have not been issued to Scheme members which is a breach of legislation;
  - Significant concerns over procurement and contract management including the:
    - limited functionality within the procurement system to support contract monitoring
    - failure to properly subject the provision of legal services to formal procurement over a 10 year period
    - considerable problems associated with the delivery of estates services resulting in the failure to deliver the programme of work planned for 2017-18 and delays and postponements to station upgrades/refurbishments;
  - The fact that NIFRS has not yet identified and recorded all sources of information it is holding and transferring – the cataloguing exercise to identify its information assets, dataflows and related information governance risks is only 35 per cent complete;
  - A significant number of staff who have not yet been trained in information governance; and
  - A lack of executive level stability and joined up approach in taking forward integrated risk management processes.

### **Plans to address outstanding recommendations**

- 9 I asked NIFRS what it was doing to address the remaining outstanding issues.
- 10 NIFRS told me that it is addressing the outstanding recommendations through a modernisation programme, which is broken into 13 key projects as outlined below. Through these Projects, both the outstanding audit recommendations and new systems of working are managed, reported and monitored on a regular basis.

The key project areas identified are:-

- Contract Management;
- Corporate Communications;
- Estates, Capital & Facilities Management;
- Financial Management;
- Fuel, Vehicle & Equipment Accountability;
- Governance;
- Human Resources Advisory;
- Human Resources Training & Development;
- Information Management;
- Information Technology Management;

- Operations & Community Protection;
- Planning & Performance Management; and
- Stock & Inventory Management.

The Audit, Risk & Governance Committee is monitoring progress on a quarterly basis. In addition two Business Improvement Days were held during the year (29 August 2017 & 21 May 2018) at which the NIFRS Board received presentations and updates from Project leads.

- 11 NIFRS has also told me that some issues are taking longer to address due to having to satisfy external processes and approvals such as those needed for the acquisition of new software and IT systems or the implementation of structural changes. The historic underinvestment in IT infrastructure and software has meant that the modernisation programme is likely to straddle several financial years. However the overall aim is to deal with as many outstanding issues within the next financial year.

#### **New issue in 2017-18 – Historic Irregular Expenditure**

- 12 In October 2017, the Department of Health submitted a business case to the Department of Finance (DoF) for the renewal of a contract for the laundry and repair of certain NIFRS firekit. The DoF noted that while a previous business case had been approved in October 2012, some £815,760 had been incurred by NIFRS in 2011 and 2012 before this business case had been submitted. In the absence of approval the £815,760 expenditure should be recognised as irregular.
- 13 NIFRS have confirmed that appropriate approvals for business cases have been obtained since 2012.

#### **Conclusion on Internal Audit Recommendations**

- 14 I welcome the progress NIFRS has made in recent years in addressing outstanding internal audit recommendations and that this year Internal Audit has been able to provide an overall 'Satisfactory' opinion in relation to the adequacy and effectiveness of the system of governance, risk management and control in place at NIFRS.
- 15 However a number of important recommendations, which could leave NIFRS vulnerable to risks from failures in internal control, are still not fully implemented. The NIFRS should continue to reduce the number of outstanding internal audit recommendations, particularly those in relation to procurement and integrated risk management.

#### **Conclusion on Historic Regularity Issue**

- 16 I note the historic regularity issue relating to expenditure of £815,760 in 2011 and 2012. As this relates to earlier years and NIFRS have confirmed that all required business cases have been appropriately approved since 2012, I have not qualified my 2017-18 audit opinion in respect of this.

*KJ Donnelly  
Northern Ireland Audit Office  
Comptroller and Auditor General  
106 University Street  
Belfast  
BT7 1EU*

29 June 2018

## **NORTHERN IRELAND FIRE AND RESCUE SERVICE PENSION ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

### **REPORT OF THE MANAGERS**

#### Introduction

#### **Firefighters' Pension Schemes**

As at 31 March 2018 NIFRS operated three Firefighters' Pension Schemes, namely:

- The Firefighters' Pension Scheme (NI) 2007;
- The New Firefighters' Pension Scheme (NI) 2007 (The New Firefighters' Pension Scheme (Amendment) 2015 - Modified Scheme);
- The Firefighters' Pension Scheme (NI) 2015.

These schemes are governed by the provisions of The Firefighters' Pension Scheme Order (Northern Ireland) 2007, The New Firefighters' Pension Scheme Order (Northern Ireland) 2007, and The Firefighters' Pension Scheme Regulations (Northern Ireland) 2015 respectively, including amendments.

A Pensions Board consisting of senior NIFRS personnel oversees the pension administration. No remuneration is received for this role.

The schemes are all final salary schemes with the exception of The Firefighters' Pension Scheme (NI) 2015 which is a career average scheme. The schemes are wholly unfunded. The IAS 19 pension liability in respect of the Firefighters' Pension Schemes is calculated annually by the Government Actuary's Department using the projected unit credit method and applying a discount rate selected with reference to the current rate of return on high quality corporate bonds of equivalent currency and term to the scheme liabilities.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding 4 years. The IAS 19 valuation for accounts purposes at 31 March 2018 is based on membership data at 31 March 2016, rolled forward with reference to cashflow and financial assumptions at 31 March 2018 as prescribed by HM Treasury.

The charge to the Statement of Comprehensive Net Expenditure consists of the Current Service Cost, the Past Service Cost and Interest on the defined benefit liability.

Remeasurements are recognised in Other Comprehensive Expenditure.

The liabilities under the Schemes have been valued using the standard actuarial technique known as the Projected Unit Credit Method for all groups of staff.

The rationale of preparing separate Pension Accounts is to avoid the detail required by IAS 19 (Employment Benefits) and IAS 26 (Retirement Benefits) from overshadowing and drawing attention away from the records of NIFRS's core financial performance.

The DoH currently funds the Firefighters' pension deficit. The employer and employee contribution rates for the Pension Schemes are as set out in the table in note 2.23 of the accounts.

#### **Accounts Direction**

The Annual Report and Accounts for 2017-18 have been prepared in a form determined by the Department of Health (DoH) based on guidance from the Department of Finance (DoF's) Government Financial Reporting Manual and in accordance with the requirements of Article 3 (15) of the Fire and Rescue Services (Northern Ireland) Order 2006

NIFRS is an executive non-departmental public body of the Department of Health.

As such, NIFRS complies with the corporate governance and accountability framework arrangements (including *Managing Public Money Northern Ireland*) issued by the Department of Finance.

## REPORT OF THE MANAGERS (continued)

The Managers, Advisors and Employers for all Schemes were as follows:

### Managers:

#### Pension Scheme Manager

Northern Ireland Fire and Rescue Service  
Headquarters  
1 Seymour Street  
Lisburn  
BT27 4SX

#### Pension Scheme Administrator

Department of Health  
Castle Buildings  
Stormont Estate  
Belfast  
BT4 3SG

### Advisors:

#### Accounting Officer & Pension Scheme Practitioner

Chief Fire and Rescue Officer  
Northern Ireland Fire and Rescue Service  
Headquarters  
1 Seymour Street  
Lisburn  
BT27 4SX

#### Pension Scheme Actuary

Government Actuary's Department  
Finlaison House  
15-17 Furnival Street  
London  
EC4A 1AB

#### Auditor

Comptroller and Auditor General  
for Northern Ireland  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

#### Bankers

Bank of Ireland  
1 Donegall Square South  
Belfast  
BT1 5LR

### Employers:

#### Principal Employer

Northern Ireland Fire and Rescue Service  
Headquarters  
1 Seymour Street  
Lisburn  
BT27 4SX



## REPORT OF THE MANAGERS (continued)

### Changes to the Schemes

Following the completion of the 2012 Scheme valuation new employee and employer rates were introduced from 1 April 2015.

This has led to members in the Firefighters' Pension Scheme (NI) 2007 paying between 11% and 17%, members in the New Firefighters' Pension Scheme (NI) 2007 paying between 8.5% and 12.5% and members in the New Firefighters' Pension Scheme (Amendment) 2015 (CARE) paying between 11% and 17%. Employers' contributions have decreased to 18.8% under the new CARE Scheme.

With the introduction of the new Career Average Revalued Earnings (CARE) Scheme the final salary Pension Schemes have closed for new entrants from this date. Firefighters will however retain the service that they have accrued in the final salary scheme and depending on their age and service will have:

*Full protection - experiencing no change to their pension entitlement.*

*Tapered protection - moving into the new CARE scheme at their own personal date, based on their age and service.*

*No protection - moved into the CARE scheme on 1 April 2015*

### Membership Statistics

Details of the current membership of all the Firefighters' Pension Schemes are as follows:

#### By Scheme

	Firefighters' Pension Scheme (FPS)	New Firefighters' Pension Scheme (NFPS)	CARE	TOTAL
<b>Active Members</b>				
At 1 April 2017	314	303	1105	<b>1722</b>
Movements in year	-47	-33	95	<b>15</b>
At 31 March 2018	267	270	1200	<b>1737</b>

	Firefighters' Pension Scheme (FPS)	New Firefighters' Pension Scheme (NFPS)	CARE	TOTAL
<b>Deferred Members</b>				
At 1 April 2017	36	149	4	<b>189</b>
Movements in year	5	10	15	<b>30</b>
At 31 March 2018	41	159	19	<b>219</b>

	Firefighters' Pension Scheme (FPS)	New Firefighters' Pension Scheme (NFPS)	CARE	COMP	TOTAL
<b>Pensions in Payment</b>					
At 1 April 2017	866	176	0	132	<b>1174</b>
Movements in year	16	29	0	-3	<b>42</b>
At 31 March 2018	882	205	0	129	<b>1216</b>

The membership statistics above are stated in terms of headcount. Some deferred members and pensioner members may have membership of multiple schemes. In cases where members are in receipt of pension in multiple schemes or are awaiting receipt in respect of defined members, only one scheme has been included in the overall numbers.

## **REPORT OF THE MANAGERS (continued)**

### **Additional Voluntary Contributions and Stakeholder Pensions**

There are no Additional Voluntary Contributions (AVC) or Stakeholder Pensions Schemes available under NIFRS pension schemes.

### **Financial Position and Going Concern**

The Statement of Financial Position (which includes liabilities belonging to the 3 NIFRS Pension Schemes namely: the Firefighters' Pension Scheme (NI) 2007, the New Firefighters' Pension Scheme (NI) 2007 and the New Firefighters' Pension Scheme (Amendment) 2015 (CARE)) at 31 March 2018 shows net liabilities of £853,090k (31 March 2017: £804,110k). This reflects the inclusion of liabilities due in future years, to the extent that they are not to be met from NIFRS' other sources of income, may only be met by future grant or grant-in-aid from NIFRS' sponsoring Department (DoH). This is because, under the normal conventions applying to Department of Finance control over income and expenditure, such grants may not be issued in advance of need.

As illustrated in our Statement of Financial Position, NIFRS operates with a net liability position, largely generated by the manner in which we are funded and pension liabilities. As a non-departmental public body, NIFRS is mainly funded through DoH. Current income from contributions is insufficient to meet annual pensions payments and the deficit is funded by the DoH through Grant-in-Aid. In 2017-18 this was £4.64m (2016-17: £2.96m). As it is anticipated that DoH funding will continue for the foreseeable future this ensures that the preparation of our accounts as a going concern is the correct basis.

Business Services Organisation has been contracted to provide Pension Services to NIFRS. A Service Level Agreement was signed in July 2017 and covers the period 1 July 2017 to 30 June 2019. Under the agreement BSO will provide operational services only, while NIFRS will retain responsibility for Scheme Legislation and Policy. NIFRS will also retain responsibility for the production and maintenance of the Scheme annuals accounts, however, BSO will provide input data required for the actuarial valuation.

### **Events after the Reporting Period**

There were no events after the Reporting Period.

### **Audit Services**

The Financial Statements for 2017-18 are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) who heads the Northern Ireland Audit Office and is appointed by statute and reports to the Northern Ireland Assembly. His certificate is on page 92 and report is on page 164.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware and the Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The audit fee for the work performed relating solely to the audit of these Financial Statements is £13,750. These costs are borne by the NIFRS Main Accounts and are excluded from these statements.

The C&AG may also undertake other statutory activities that are not related to the audit of the body's Financial Statements such as Value for Money reports. No such activity relating to the NIFRS Pension Accounts took place during the year.

### **Further Information**

A full certified copy of the NIFRS Pension Annual Report and Accounts will be available on the NIFRS website [www.nifrs.org](http://www.nifrs.org).

Any enquiries regarding either the Firefighters' Pension Scheme (NI) 2007, the New Firefighters' Pension Scheme (NI) 2007 or the New Firefighters' Pension Scheme (Amendment) 2015 (CARE) should be addressed to the Pensions Manager, NIFRS.

## REPORT OF THE ACTUARY

### A. Liabilities

The capitalised value as at 31 March 2018 of expected future benefit payments under the NIFRS Pension Schemes, for benefits accrued in respect of employment (or former employment) prior to 31 March 2018, has been assessed using the methodology and assumptions set out in Sections C and D below. The results are broken down, between the various categories of members, as follows:

	<b>Firefighters' Pension Scheme 2007</b>	<b>New Firefighters' Pension Scheme 2007</b>	<b>Firefighters' Pension Scheme CARE 2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Actives (past service)	338.25	42.95	36.58
Deferred Pensioners	5.79	2.71	0.01
Current Pensioners (excluding injury)	362.95	2.07	0.1
Retained Settlement		61.68	
	<b>706.99</b>	<b>109.41</b>	<b>36.69</b>

### B. Accruing Costs

The cost of benefits accruing for each year is met partly by contributions from members, with the employer meeting the balance of the cost. The cost of benefits accruing in the year ended 31 March 2018 is based on a standard contribution rate as determined at the start of the year.

#### % of pensionable pay

	<b>Firefighters' Pension Scheme 2007</b>	<b>New Firefighters' Pension Scheme 2007</b>	<b>Firefighters' Pension Scheme CARE 2015</b>
Current Service Cost	73.90%	46.80%	59.30%

For the avoidance of doubt the employer's share of the Current Service Cost determined for the purposes of this exercise is not the same as the actual rate of contributions payable by employers, currently 18.1% to 31.3% of pensionable pay, which was determined based on the methodology and the financial and demographic assumptions adopted for the funding of the scheme.

The pensionable payroll figure for the financial year 2017-18 was £35.1 million (derived from contributions payable by employers over the year). In relation to the pensionable payroll for the financial year, the Current Service Cost is as follows:

	<b>Firefighters' Pension Scheme 2007</b>	<b>New Firefighters' Pension Scheme 2007</b>	<b>Firefighters' Pension Scheme CARE 2015</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Current Service Cost	8.14	1.86	12.71

## REPORT OF THE ACTUARY (CONTINUED)

### C. Methodology

The present value of the liabilities has been determined using the Projected Unit Credit Method (PUCM). Under the PUCM, the actuarial liability represents the present value of future benefit payments arising in respect of service prior to the valuation date. In respect of active members, the actuarial liability includes allowance for expected future pay increases up to the assumed date of retirement or exit, and for subsequent pension increases. In respect of pensions in payment and deferred members, the actuarial liability includes allowance for future pension increases (and revaluation in deferment). The liability is calculated based on the principal financial assumptions applying to the 2017-18 Pension Accounts.

The cost of benefits accruing in the period 1 April 2017- 31 March 2018 was determined using the Projected Unit Credit Method with a one year control period and based on the principal financial assumptions applying to the previous year Pension Disclosures. This rate represents the present value of benefits accruing to active members over the year, with allowance for any pay increases to the assumed date of retirement or exit, expressed as a level percentage of the expected pensionable payroll over the control period.

### D. Assumptions

The assessment has been prepared in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury. The main financial assumptions are set in accordance with FReM. The assumptions proposed by the Government Actuary's Department and agreed with NIFRS in nominal terms are:

Rate of discounting scheme liabilities	2.55%
A rate of CPI	2.45%
A rate of increase in pensions	2.45%
A rate of care revaluation	3.95%
Long term rate of increase in salaries	3.95%
Short term rate of increase in salaries	3.95%

## REPORT OF THE ACTUARY (CONTINUED)

### E. Sensitivity Analysis

The indicative effects on the total liability as at 31 March 2018 of changes to the key financial and demographic assumptions are as follows:

#### The Firefighters' Pension Scheme (NI) 2007

Change in assumption*	Impact on DBO	
	%	£ Million
Rate of discounting scheme liabilities 0.5% a year	(9.0)	(64.0)
Long term rate of increase in salaries 0.5% a year	1.0	7.0
Rate of increase in pensions / deferred revaluation 0.5% a year	7.5	53.0
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	2.5	18.0

#### The New Firefighters' Pension Scheme (NI) 2007

Change in assumption*	Impact on DBO	
	%	£ Million
Rate of discounting scheme liabilities 0.5% a year	(13.5)	(15.0)
Long term rate of increase in salaries 0.5% a year	5.5	6.0
Rate of increase in pensions / deferred revaluation 0.5% a year	8.0	9.0
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	2.5	3.0

#### The Firefighters' Pension Scheme 2015

Change in assumption*	Impact on DBO	
	%	£ Million
Rate of discounting scheme liabilities 0.5% a year	(16.5)	(6.0)
Long term rate of increase in salaries 0.5% a year	8.0	3.0
Rate of increase in pensions / deferred revaluation 0.5% a year	8.0	3.0
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	2.5	1.0

\* Opposite changes in the assumptions will produce approximately equal and opposite changes in the Defined Benefit Obligation (DBO). Doubling the changes in assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between assumptions the impacts may offset to some extent.

### F. Notes

The Report of the Actuary has been compiled by the Government's Actuary Department on 2 May 2018.

The report together with other relevant correspondence, in aggregate comply with the following Technical Actuarial Standards issued by the Financial Reporting

R: Reporting Actuarial Information (TAS R)

D: Data (TAS D)

M: Modelling (TAS M)

P: Pensions (Pensions TAS)

# **COMBINED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2018**

	NOTE	2018 £'000	2017 £'000
<b>Income</b>			
Contributions receivable	3	15,143	15,425
Transfers in	4	94	541
<b>Combined income</b>		<b>15,237</b>	<b>15,966</b>
<b>Expenditure</b>			
Pension Cost - Current Service Costs/Past Service Costs	6	(23,200)	(20,430)
Transfers in	8	(94)	(541)
Interest on Scheme Liabilities	9	(22,580)	(23,430)
<b>Gross expenditure</b>		<b>(45,874)</b>	<b>(44,401)</b>
<b>Combined Net Expenditure</b>		<b>(30,637)</b>	<b>(28,435)</b>
<b>Other Comprehensive Net Income (Expenditure)</b>			
Recognised gains and losses for the financial year:		£'000	£'000
Actuarial gain/(loss)	15.7	(22,318)	(129,043)
<b>TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 18</b>		<b>(52,955)</b>	<b>(157,478)</b>

The notes on pages 150 to 168 form part of these accounts

# COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 £'000	2017 £'000
<b>Current Assets</b>			
Receivables	11	3,042	2,379
Cash and cash equivalents	12	19	9
<b>Total Current Assets</b>		<b>3,061</b>	<b>2,388</b>
<b>Current Liabilities</b>			
Payables (within 12 months)	13	-	-
Provisions (Revised Commutation Factors)	14	(8)	(8)
<b>Total Current Liabilities</b>		<b>(8)</b>	<b>(8)</b>
<b>Net current assets, excluding pension liability</b>		<b>3,053</b>	<b>2,380</b>
<b>Pension Liability:</b>			
Firefighters' Pension Scheme 2007	15.2	(706,990)	(695,740)
New Firefighters' Pension Scheme 2007	15.3	(109,410)	(84,850)
Firefighters' Pension Scheme 2015 (CARE)	15.4	(36,690)	(23,520)
<b>Total Pension Liabilities</b>		<b>(853,090)</b>	<b>(804,110)</b>
<b>Net liabilities, including pension liabilities</b>		<b>(850,037)</b>	<b>(801,730)</b>
<b>Taxpayers' Equity :</b>			
General Fund		(850,037)	(801,730)
		<b>(850,037)</b>	<b>(801,730)</b>

The accounts on pages 146 to 168 were approved by the Board on 26 June 2018 and were signed on its behalf by:

Signed _____	(Chairperson)	Date: 26 June 18
Signed _____	(Chief Fire & Rescue Officer)	Date: 26 June 18

# **COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £'000	2017 £'000
<b>Cash Flows from Operating Activities</b>			
Combined Net Expenditure for the year less movement and payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(30,637)	(28,435)
(Increase) in receivables	11	(663)	(214)
(Decrease)/increase in payables	13	-	-
 Increase in pension provision - Firefighters' Pension Scheme			
<b>The Firefighters' Pension Scheme (NI) 2007</b>	15.2	11,250	103,447
<b>The New Firefighters' Pension Scheme (NI) 2007</b>	15.3	24,560	36,471
<b>The Firefighters' Pension Scheme 2015</b>	15.4	13,170	14,620
 (Decrease) in provision - commutation factors	14	-	(1)
 Pension remeasurements			
<b>The Firefighters' Pension Scheme (NI) 2007</b>	15.2	(1,563)	(91,124)
<b>The New Firefighters' Pension Scheme (NI) 2007</b>	15.3	(21,116)	(33,389)
<b>The Firefighters' Pension Scheme 2015</b>	15.4	361	(4,530)
 <b>Net cash outflow from Operating Activities</b>		<b>(4,638)</b>	<b>(3,155)</b>
 <b>Cash flows from Financing Activities</b>			
Grant in aid		4,648	2,967
<b>Net Financing</b>		<b>4,648</b>	<b>2,967</b>
 <b>Net (decrease)/increase in cash &amp; cash equivalents in the year</b>	12	<b>10</b>	<b>(188)</b>
 <b>Cash &amp; cash equivalents at the beginning of the year</b>	12	<b>9</b>	<b>197</b>
 <b>Cash &amp; cash equivalents at the end of the year</b>	12	<b>19</b>	<b>9</b>

The notes on pages 150 to 168 form part of these accounts



# COMBINED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2018

**2017**

**£'000**

<b>Balance at 31 March 2016</b>	<b>(647,219)</b>
Grant from Parent Department	2,967
Comprehensive Net Expenditure for the year	(28,435)
Actuarial gain / (loss)	(129,043)
<b>Net change in Taxpayers' Equity</b>	<b>(154,511)</b>
<b>Balance at 31 March 2017</b>	<b>(801,730)</b>

**2018**

**£'000**

<b>Balance at 31 March 2017</b>	<b>(801,730)</b>
Grant from Parent Department	4,648
Comprehensive Net Expenditure for the year	(30,637)
Actuarial gain / (loss)	(22,318)
<b>Net change in Taxpayers' Equity</b>	<b>(48,307)</b>
<b>Balance at 31 March 2018</b>	<b>(850,037)</b>

The notes on pages 150 to 168 form part of these accounts

## Related Notes

### 1 Basis of preparation of the Pension Accounts

The NIFRS Firefighters' Pension Accounts have been prepared in a form determined by the Department of Health (DoH) based on guidance from the Department of Finance (DoF's) Government Financial Reporting Manual (FReM) and in accordance with the requirements of Article 3 (15) of The Fire and Rescue Services (Northern Ireland) Order 2006. The accounting policies contained in FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector. IAS 19 Employee Benefits and IAS 26 Retirement Benefits are of particular relevance to these statements. These accounts show the unfunded pension liabilities and movements in those liabilities during the year. The accounts also have regard to the recommendations of the Statement of Recommended Practice (SORP) Financial Reports of Pension Schemes to the extent that these are appropriate together with Accounts Direction from the Department of Health.

The Financial Statements summarise the transactions of the Firefighters' Pension Scheme 2007, the New Firefighters' Pension Scheme 2007 and the CARE Scheme 2015. The Statement of Financial Position shows the deficits on each scheme; the Statement of Comprehensive Net Expenditure shows the total movements from each scheme liability analysed between the pension cost, enhancements and transfers in, and the interest on the scheme liability. The actuarial position of each pension scheme is dealt with in the Report of the Actuary, and the Pension Accounts should be read in conjunction with that report.

In 2016-17 NIFRS produced one set of Financial Statements incorporating both operational and pension accounts. At the time the Audit, Risk & Governance Committee was of the view that the pension figures were of such a magnitude in volume and complexity that they dominated and obscured the reading of the ordinary accounts. As a result a recommendation to separate both sets of figures into 2 sets of accounts was approved by the Audit, Risk & Governance Committee in June 2017. The Pension Accounts have been produced as a separate document for the first time in the Financial Year 2017-18.

### 2 Statement of accounting policies

The Accounting policies contained in the FReM follow International Financial Reporting Standards to the extent that it is meaningful and appropriate to the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Scheme for the purpose of giving a true and fair view has been selected. The accounting policies adopted have been applied consistently in dealing with the items considered material in relation to the accounts.

#### 2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

The Combined Statement of Financial Position at 31 March 2018 shows a liability of £850,036k. This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from grants-in-aid approved annually by the Northern Ireland Assembly, to meet the Net Cash Requirement of the DOH which fund the NIFRS Pension Scheme.

There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the NIFRS Pension Accounts for 2017-18.

#### 2.2 Contributions receivable

Employers' normal pension contributions are accounted for on an accruals basis.

Employers' special contributions are accounted for in accordance with the agreement under which they are paid for. In the absence of such an agreement, on a cash basis.

Employee's pension contributions which exclude amounts in respect of the purchase of added years and Additional Voluntary Contributions are accounted for on an accruals basis.

Employee's contributions paid in respect of the purchase of added years are accounted for on an accruals basis. The associated increase in the scheme liability is recognised as expenditure.

#### 2.3 Early Retirement

Contributions received from the employer in relation to the early retirement of NIFRS personnel on ill health grounds were £881k, 2016-17 (£1,022k) see note 3.

#### 2.4 Transfers in and out

Transfers are normally accounted for as income and expenditure (representing the associated increase in the Scheme liability) on a cash basis, although group transfers-in may be accounted for on an accruals basis where the Scheme has formally accepted or transferred a liability.

## **2.5 Other income**

Other income, including refunds of gratuities, overpayments recovered other than by deduction from future benefits are accounted for on an accruals basis. To the extent that this income also represents an increase in the scheme liability, it is also reflected in the expenditure.

## **2.6 Current service costs**

The current service cost is the increase in the present value of the Scheme liabilities arising from the current member's service in the current period and is recognised in the Combined Statement of Comprehensive Net Expenditure. The current service cost is based on a standard contributions rate of 73.9% of pensionable pay in the Firefighters' Pension Scheme 2007, 46.8% of pensionable pay in the New Firefighters' Pension Scheme 2007 and 59.3% of pensionable pay in the CARE Scheme, as determined at the start of 2017-18.

## **2.7 Past service costs**

Past service costs are increases in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits. Where improvements to pension benefits result in the backdating of commutation awards, these costs are measured and reflected immediately in the Combined Statement of Comprehensive Net Expenditure.

## **2.8 Enhancements**

Any enhancements to pensions, including on departure or retirement, are measured and reflected immediately in the Combined Statement of Comprehensive Net Expenditure. There have been no enhancements to Firefighters' Pension in 2017-18.

## **2.9 Interest on scheme liabilities**

The interest cost is the increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement and is recognised in the Combined Statement of Comprehensive Net Expenditure. The interest cost is based on the discount rate applicable at 1 April 2017 of 2.8%.

## **2.10 Other payments**

Other payments are accounted for on an accruals basis.

## **2.11 Scheme liabilities**

Provision is made for liabilities to pay pensions and other benefits in the future. The Scheme liability is measured on an actuarial basis using the projected unit method and is discounted at a rate of 2.8% real (i.e. 2.55% including CPI inflation).

Full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years in accordance with the requirements of the Government Financial Reporting Manual (FReM). In the intervening periods the actuary reviews the most recent actuarial valuation at the reporting date and updates it to reflect current conditions.

FReM stipulates that approximate actuarial assessments in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. The pension liability recognised in these financial statements has been calculated using full membership data as at 31 March 2017.

The demographic assumptions used to prepare the pension disclosures as at 31 March 2018 have been derived from the specific experience of the scheme membership.

## **2.12 Pension benefits payable**

Pension benefits payable are accounted for as a decrease in the scheme liability on an accruals basis.

## **2.13 Pension payments to those retiring at their normal retirement age**

When a retiring member of either pension scheme has no choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the transaction is accounted for as a decrease in the scheme liability on an accruals basis.

## **2.14 Pension payments to and on account of leavers before their normal retirement age**

Where a member of any pension scheme is entitled to only a refund of contributions, the transaction is accounted for as a decrease in the scheme liability on an accruals basis.

Where a member of any pension scheme has the option of receiving a refund of contributions or a deferred pension, the transaction is accounted for as a decrease in the scheme liability on a cash basis.

## **2.15 Injury benefits**

Injury benefits are accounted for in the NIFRS Main Financial Statements.

## 2.16 Lump sums payable on death in service

Lump sum payments payable on death in service are accounted for on an accruals basis. They are funded through the normal pension contributions and are a charge on the pension provision.

## 2.17 Actuarial gains and losses

Actuarial gains and losses arising from any new valuations and from updating the latest actuarial valuation to reflect conditions at the Combined Statement of Financial Position date are recognised in the Combined Statement of Comprehensive Net Expenditure for the year.

## 2.18 Additional voluntary contributions

There are no Additional Voluntary Contributions made to the NIFRS pension schemes.

## 2.19 Administration expenses

Administration expenses are borne by the NIFRS Main Accounts and are excluded from these statements.

## 2.20 Receivables and Payables

Total Receivables and Payables have been re-analysed into 2 additional categories to add clarity. The additional categories are Non-Current Assets and Non-Current Liabilities (payables after 12 months). Non-Current Assets relate to pension overpayments being recouped over an agreed re-payment plan.

## 2.21 Accounting standards, interpretations and amendments to published standards adopted during the year ended 31 March 2018

NIFRS has reviewed the accounting standards, interpretations and amendments to published standards that became effective during 2017-18 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the financial position or results of the NIFRS Pension Fund.

## 2.22 Accounting standards, interpretations and amendments to published standards not yet effective

NIFRS has reviewed the additional or revised accounting standards and new (or amendments to) interpretations contained within the Government Financial Reporting Manual (FRm) 2017-18 and concludes that these do not impact the 2017-18 NIFRS Pension Accounts.

## 2.23 Pension Contribution Rates

### Retirement Benefit Costs

### Firefighters' Pension Schemes

The Firefighter Pension schemes are all final salary schemes with the exception of The Firefighters' Pension Scheme (NI) 2015 which is a career average scheme. The schemes are wholly unfunded. The IAS 19 pension liability in respect of the Firefighters' Pension Schemes is calculated annually by the Government Actuary's Department using the projected unit credit method and applying a discount rate selected with reference to the current rate of return on high quality corporate bonds of equivalent currency and term to the scheme liabilities.

The DoH currently funds the Firefighters' pension deficit. The employer and employee contribution rates for the Pension Schemes are as set out in the table below:

SCHEME	ERS RATE 2017/2018	ERS RATE 2018/2019
The Firefighters' Pension Scheme (NI) 2007	31.3%	31.3%
The New Firefighters' Pension Scheme (NI) 2007	18.1%	18.1%
The New Firefighters' Pension Scheme (Amendment) 2015	31.3%	31.3%
The Firefighters' Pension Scheme (NI) 2015 (CARE)	18.8%	18.8%

The Firefighters' Pension Scheme (NI) 2007		EES RATE		EES RATE
Salary Band 2017/2018		2017/2018	Salary Band 2018/2019	2018/2019
Up to £15,454		11.0%	Up to £15,609	11.0%
£15,455 to £21,636		12.2%	£15,610 to £21,852	12.2%
£21,637 to £30,909		14.2%	£21,853 to £31,218	14.2%
£30,910 to £41,212		14.7%	£31,219 to £41,624	14.7%
£41,213 to £51,515		15.2%	£41,625 to £52,030	15.2%
£51,516 to £61,818		15.5%	£52,031 to £62,436	15.5%
£61,819 to £103,030		16.0%	£62,436 to £104,060	16.0%
£103,031 to £123,636		16.5%	£104,061 to £124,872	16.5%
More than £123,636		17.0%	More than £124,872	17.0%

The New Firefighters' Pension Scheme (NI) 2007		EES RATE		EES RATE
Salary Band 2017/2018		2017/2018	Salary Band 2018/2019	2018/2019
Up to £15,454		8.5%	Up to £15,609	8.5%
£15,455 to £21,636		9.4%	£15,610 to £21,852	9.4%
£21,637 to £30,909		10.4%	£21,853 to £31,218	10.4%
£30,910 to £41,212		10.9%	£31,219 to £41,624	10.9%
£41,213 to £51,515		11.2%	£41,625 to £52,030	11.2%
£51,516 to £61,818		11.3%	£52,031 to £62,436	11.3%
£61,819 to £103,030		11.7%	£62,436 to £104,060	11.7%
£103,031 to £123,636		12.1%	£104,061 to £124,872	12.1%
More than £123,636		12.5%	More than £124,872	12.5%

The New Firefighters' Pension Scheme (Amendment) 2015		EES RATE		EES RATE
Salary Band 2017/2018		2017/2018	Salary Band 2018/2019	2018/2019
Up to £15,454		11.0%	Up to £15,609	11.0%
£15,455 to £21,636		12.2%	£15,610 to £21,852	12.2%
£21,637 to £30,909		14.2%	£21,853 to £31,218	14.2%
£30,910 to £41,212		14.7%	£31,219 to £41,624	14.7%
£41,213 to £51,515		15.2%	£41,625 to £52,030	15.2%
£51,516 to £61,818		15.5%	£52,031 to £62,436	15.5%
£61,819 to £103,030		16.0%	£62,436 to £104,060	16.0%
£103,031 to £123,636		16.5%	£104,061 to £124,872	16.5%
More than £123,636		17.0%	More than £124,872	17.0%

The Firefighters' Pension Scheme (NI) 2015 (CARE)		EES RATE		EES RATE
Salary Band 2017/2018		2017/2018	Salary Band 2018/2019	2018/2019
Up to £27,543		10.5%	Up to £27,818	11.0%
£27,544 to £51,005		12.7%	£27,819 to £51,515	12.9%
£51,006 to £142,501		13.5%	£51,516 to £142,501	13.5%
More than £142,501		14.5%	More than £142,501	N/A

In addition, NIFRS makes one off payments in respect of ill-health retirements which effectively increase the employers' contributions.

SCHEME	ERS RATE	ERS RATE
	inc ill health 2017/2018	inc ill health 2018/2019
The Firefighters' Pension Scheme (NI) 2007	34.6%	34.6%
The New Firefighters' Pension Scheme (NI) 2007	23.3%	23.3%
The New Firefighters' Pension Scheme (Amendment) 2015	34.6%	34.6%
The Firefighters' Pension Scheme (NI) 2015 (CARE)	19.8%	N/A

**Note 3 - Contributions Receivable**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Employer	8,593	8,757
Employer contributions - ill health retirements	881	1,022
Employee	5,669	5,646
	<b>15,143</b>	<b>15,425</b>

**Note 4 - Pension Transfers in (see also Note 8)**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Individual transfers in from other schemes</b>		
Firefighters' Pension Scheme 2007	-	-
New Firefighters' Pension Scheme 2007	91	531
Firefighters' Pension Scheme 2015	3	10
	<b>94</b>	<b>541</b>

**Note 5 - Other Pension Income**

This note is not applicable to NIFRS.

**Note 6 - Pension Cost**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current service cost</b>		
Firefighters' Pension Scheme 2007	8,140	8,980
New Firefighters' Pension Scheme 2007	1,860	1,840
Firefighters' Pension Scheme 2015	12,710	9,610
	<b>22,710</b>	<b>20,430</b>
<b>Past Service Cost</b>		
Firefighters' Pension Scheme 2007	490	-
New Firefighters' Pension Scheme 2007	-	-
Firefighters' Pension Scheme 2015	-	-
	<b>490</b>	<b>-</b>

**Note 7 - Enhancements**

This note is not applicable to NIFRS.

**Note 8 - Transfers in - additional liability (see also Note 4)**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Individual transfers in from other schemes</b>		
Firefighters' Pension Scheme 2007	-	-
New Firefighters' Pension Scheme 2007	91	531
Firefighters' Pension Scheme 2015	3	10
	<b>94</b>	<b>541</b>

**Note 9 - Pension Financing Cost**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net interest on defined liability</b>		
Firefighters' Pension Scheme 2007	19,350	21,170
New Firefighters' Pension Scheme 2007	2,390	1,770
Firefighters' Pension Scheme 2015	840	490
	<b>22,580</b>	<b>23,430</b>

**Note 10 - Other pension expenditure**

This note is not applicable to NIFRS.

**NOTE 11 - Receivables - contributions due in respect of pensions**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Amounts falling due after 1 year		
Pension overpayments more than 1 year	<u>-</u>	<u>-</u>
Amounts falling due within 1 year:		
Pension overpayments less than 1 year	3,042	2,379
	<u><b>3,042</b></u>	<u><b>2,379</b></u>
<b>Total receivables as 31 March</b>	<u><b>3,042</b></u>	<u><b>2,379</b></u>



## Note 12 - Cash and cash equivalents

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Balance at 1 April	9	197
Net change in cash balances	10	(188)
<b>Balance at 31 March</b>	<b>19</b>	<b>9</b>
The following balances at 31 March were held at :		
Commercial banks and cash in hand	19	9
<b>Balance at 31 March</b>	<b>19</b>	<b>9</b>

**Note 13 - Payables - in respect of pensions**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Amounts falling due within 1 year		
Pensions account	-	-
<b>Total payables at 31 March</b>	<b>-</b>	<b>-</b>

## NOTE 14 - Provisions for Liabilities and charges

	Pension Commutation factors 2018 £'000	Pension Commutation factors 2017 £'000
Balance at 1 April 2017	8	9
Provided in year	-	-
Provided in year - current service cost	-	-
Provided in year - past service cost	-	-
(Provisions not required written back)/changes in underlying assumptions	-	-
Provision utilised in the year	-	(1)
Cost of borrowing	-	-
<b>At 31 March 2018</b>	<b>8</b>	<b>8</b>

### Analysis of expected timing of cashflows

	Pension Commutation factors £'000	Pension Commutation factors £'000
Not later than 1 year	8	8
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
<b>At 31 March 2018</b>	<b>8</b>	<b>8</b>

### Commutation factors

Prior to 2006 the Firefighters' Pension Scheme paid lump sum retirement benefits based on fluctuating rather than fixed commutation factors. These factors were not re-assessed by GAD during the period 1998 to 2006. Had the commutation factors been re-assessed in this period, the lump sums paid to retirees would have been greater than those originally paid out. A test case was brought to the Pensions Ombudsman from a Firefighter who retired in 2005 and claimed that his lump sum had not been uplifted appropriately. The Ombudsman's final ruling found in favour of the Firefighter. A provision of £1,973k was provided for in 2014/15 and the majority of payments have now been made, with one case outstanding. No provision has been made for unauthorised payment or scheme sanction charges which, if applicable, will be met by HM Treasury.

## 15.1 Sensitivity of results

The calculation of the pension liability is sensitive to the assumptions set out below. The following table summarises the impact on the pension liability at 31 March 2018 of changes in these key assumptions.

### The Firefighters' Pension Scheme (NI) 2007 Change in assumption\*

#### Impact on DBO

	%	£ Million
0.5% increase in Discount Rate	(9.0)	(64.0)
1 year increase in Member Life Expectancy	2.5	18.0
0.5% increase in the Salary Increase Rate	1.0	7.0
0.5% increase in the Pension Increase Rate	7.5	53.0

### The New Firefighters' Pension Scheme (NI) 2007 Change in assumption\*

#### Impact on DBO

	%	£ Million
0.5% increase in Discount Rate	(13.5)	(15.0)
1 year increase in Member Life Expectancy	2.5	3.0
0.5% increase in the Salary Increase Rate	5.5	6.0
0.5% increase in the Pension Increase Rate	8.0	9.0

### The Firefighters' Pension Scheme 2015 Change in assumption\*

#### Impact on DBO

	%	£ Million
0.5% increase in Discount Rate	(16.5)	(6.0)
1 year increase in Member Life Expectancy	2.5	1.0
0.5% increase in the Salary Increase Rate	8.0	3.0
0.5% increase in the Pension Increase Rate	8.0	3.0

\* Opposite changes in the assumptions will produce approximately equal and opposite changes in the Defined Benefit Obligation (DBO). Doubling the changes in assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between assumptions the impacts may offset to some extent.

## 15.2 Analysis of Movement in Firefighters' Pension Scheme 2007 liability

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Scheme liability at 1 April</b>	<b>695,740</b>	592,293
Current service cost	8,140	8,980
Past service cost	490	-
Pension financing cost	19,350	21,170
	<u>27,980</u>	<u>30,150</u>
Pension payments (see note 15.5)	(18,293)	(17,827)
Actuarial gain (see note 15.7)	<u>1,563</u>	<u>91,124</u>
<b>Scheme liability at 31 March</b>	<b><u>706,990</u></b>	<b><u>695,740</u></b>

During the year ended 31 March 2018 employee contributions ranged from 11% to 17% of pensionable pay (11% - 17% : 2016-17). Employer contributions represented an average of 31.3 % of pensionable pay (31.3% : 2016-17).

### 15.3 Analysis of Movement in New Firefighters' Pension Scheme 2007 liability

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Scheme liability at 1 April</b>	<b>84,850</b>	48,379
Current service cost	1,860	1,840
Past service cost	-	-
Pension financing cost	2,390	1,770
	<u><b>4,250</b></u>	<u>3,610</u>
Pension transfers in	91	531
Pension payments (see note 15.5)	(897)	(1,059)
Actuarial gain/ (loss) (see note 15.7)	21,116	33,389
<b>Scheme liability at 31 March</b>	<u><b>109,410</b></u>	<u>84,850</u>

During the year ended 31 March 2018 employee contributions ranged from 8.5% to 17% (8.5% to 17% : 2016-17) of pensionable pay. Employer contributions represented an average of 31.3% (31.3% : 2016-17).

#### 15.4 Analysis of Movement in Firefighters' Pension Scheme 2015 (CARE) liability

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Scheme liability at 1 April</b>	<b>23,520</b>	8,900
Current service cost	12,710	9,610
Past service cost	-	-
Pension financing cost	840	490
	<u><b>13,550</b></u>	<u><b>10,100</b></u>
Pension transfers in	2	10
Pension payments (see note 15.5)	(21)	(20)
Actuarial (loss)/gain (see note 15.7)	(361)	4,530
	<u><b>36,690</b></u>	<u><b>23,520</b></u>
<b>Scheme liability at 31 March</b>		

During the year ended 31 March 2018 employee contributions ranged from 10.5% to 14.5% (10% to 14.5%: 2016-17) of pensionable pay. Employer contributions represented an average of 18.8 % (18.8% : 2016-17).

## 15.5 Analysis of benefits paid

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Firefighters' Pension Scheme 2007:</b>		
Pension Payments	14,658	14,143
Gratuities / Commutations and lump sum benefits on retirement	3,635	3,684
	<b>18,293</b>	<b>17,827</b>
<b>New Firefighters' Pension Scheme 2007:</b>		
Pension Payments	352	403
Gratuities / Commutations and lump sum benefits on retirement	545	656
	<b>897</b>	<b>1,059</b>
<b>Firefighters' Pension Scheme 2015 CARE Scheme:</b>		
Pension Payments	3	20
Gratuities / Commutations and lump sum benefits on retirement	18	-
	<b>21</b>	<b>20</b>



## 15.6 Analysis of payments to and on account of leavers

	2018 £'000	2017 £'000
<b>Firefighters' Pension Scheme 2007:</b>		
Refunds to members leaving service	-	-
Individual transfers to other schemes	-	-
Per Statement of Cash Flows	-	-
<b>New Firefighters' Pension Scheme 2007:</b>		
Refunds to members leaving service	-	-
Individual transfers to other schemes	-	-
Per Statement of Cash Flows	-	-
<b>Firefighters' Pension Scheme 2015 CARE Scheme:</b>		
Refunds to members leaving service	-	-
Individual transfers to other schemes	-	-
Per Statement of Cash Flows	-	-

## 15.7 Analysis of actuarial (loss)/gain

	2018 £'000	2017 £'000
<b>Firefighters' Pension Scheme 2007:</b>		
Experience gains arising on scheme liabilities	5,487	23,436
Changes in financial assumptions underlying the present value of the scheme liabilities	(28,310)	(129,390)
Changes in demographic assumptions underlying the present value of the scheme liabilities	21,260	14,830
	<u>(1,563)</u>	<u>(91,124)</u>
<b>New Firefighters' Pension Scheme 2007:</b>		
Experience gains arising on scheme liabilities	(16,516)	(8,910)
Changes in financial assumptions underlying the present value of the scheme liabilities	(4,710)	(24,479)
Changes in demographic assumptions underlying the present value of the scheme liabilities	110	-
	<u>(21,116)</u>	<u>(33,389)</u>
<b>Firefighters' Pension Scheme 2015 CARE Scheme:</b>		
Experience gains arising on scheme liabilities	(2,129)	2,770
Changes in financial assumptions underlying the present value of the scheme liabilities	1,220	(7,300)
Changes in demographic assumptions underlying the present value of the scheme liabilities	1,270	-
	<u>361</u>	<u>(4,530)</u>
Per Statement of Changes in Taxpayer's Equity	<u>(22,318)</u>	<u>(129,043)</u>

## 15.8 History of experience gains/(losses)

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
<b>Firefighters' Pension Scheme 2007:</b>					
Experience gains/(losses) on scheme liabilities:	5,487	23,436	7,870	18,530	2,060
Percentage of the present value of the scheme liabilities	0.78%	3.37%	1.33%	2.97%	0.34%
Total amount recognised in statement of changes in Taxpayers' Equity	(1,563)	(91,124)	45,570	4,700	(58,920)
Percentage of the present value of the scheme liabilities	-0.22%	-13.10%	7.69%	0.75%	-9.77%
<b>New Firefighters' Pension Scheme 2007:</b>					
Experience gains/(losses) on scheme liabilities:	(16,516)	(8,910)	2,210	-150	800
Percentage of the present value of the scheme liabilities	-15.10%	-10.50%	4.57%	-0.20%	2.11%
Total amount recognised in statement of changes in Taxpayers' Equity	(21,116)	(33,389)	28,210	-26,600	(3,740)
Percentage of the present value of the scheme liabilities	-19.30%	-39.35%	58.3%	-36.08%	-9.8%
<b>Firefighters' Pension Scheme 2015 CARE Scheme:</b>					
Experience gains/(losses) on scheme liabilities:	(2,129)	2,770	(640)	-	-
Percentage of the present value of the scheme liabilities	-5.80%	11.78%	-7.19%	0.00%	0.00%
Total amount recognised in statement of changes in Taxpayers' Equity	361	(4,530)	-400	-	-
Percentage of the present value of the scheme liabilities	0.99%	-19.26%	-4.49%	0.00%	0.00%
<b>Combined history of experience gain/(loss)</b>					
Experience gains/(losses) on scheme liabilities:	(13,157)	17,177	9,440	18,380	2,860
Remeasurements in respect of scheme liability	(22,317)	(129,043)	73,380	(21,900)	(62,660)

## Related Notes

### 16 Financial Instruments

Accounting standards require disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non-trading nature of its activities and the way in which NIFRS is funded from the Department of Health, the NIFRS Pension Accounts are not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a more limited role in creating or changing risk than would be typical of the listed companies.

The NIFRS Pension Accounts rely primarily on departmental funding for its revenue resource requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all assets and liabilities are determined in sterling, so it is not exposed to interest rate or currency risk.

### 17 Losses and special payments

During the year there were no losses or special payments recorded. (2016-17: nil)

### 18 Contingent Liabilities disclosed under IAS 37

#### Age Discrimination Legal Challenge

A legal challenge was mounted on the potential indirect age discrimination relating to members of the NI Firefighters' Pension Scheme 1992 who had joined the scheme before the age of 20 and who are not able to retire when they have accrued their full 30 years' pension entitlement because they had not reached the age of 50.

The Department of Communities and Local Government (DCLG) have agreed to settle the case and legislation has been enacted in the UK with retrospective effect to 1 December 2006.

Similar legislation is due to be implemented in Northern Ireland. NIFRS are currently assessing the practicalities of implementation and at this juncture do not have sufficient information to fully quantify associated costs.

#### Commutation factors

Prior to 2006 the firefighters' pension scheme paid lump sum retirement benefits based on fluctuating rather than fixed commutation factors. These factors were not re-assessed by GAD during the period 1998 to 2006. Had the commutation factors been re-assessed in this period, the lump sums paid to retirees would have been greater than those originally paid out. A test case was brought to the Pensions Ombudsman from a firefighter who retired in 2005 and claimed that his lump sum had not been uplifted appropriately. The Ombudsman's final ruling found in favour of the firefighter. A provision of £1,973k was provided for in 2014/15 with the majority of payments made in 2015/16. One case remains outstanding at 31 March 2018 and has been provided for. No provision has been made for unauthorised payment or scheme sanction charges which, if applicable, will be met by HM Treasury.

### 19 Related Party Transactions

NIFRS is an arms length body of the Department of Health and as such the Department is a related party with which NIFRS has had material transactions during the year. These transactions related to the funding provided to cover the shortfall of scheme payments over contributions.

None of the Managers of the Schemes, key managerial staff or other related parties has undertaken any material transactions with either Scheme during the year.

### 20 Events occurring after the reporting period

There were no events after the reporting period

The Annual Report and accounts were authorised by the Chief Fire and Rescue Officer to be issued on 29 June 2018.