



**Northern Ireland  
Fire & Rescue Service**

# **NIFRS Annual Report & Statement of Accounts 2020-21**

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**Northern Ireland Fire & Rescue Service (NIFRS)**  
**Annual Report and Statement of Accounts**  
**For the year ended 31 March 2021**

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Schedule 1, and paragraph 6 (4) of Schedule 2 to The Fire and Rescue Services  
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## Introduction by Carmel McKinney OBE, Chairperson, NIFRS Board



On behalf of the Northern Ireland Fire & Rescue Service (NIFRS) Board I am pleased to present the Annual Report & Statement of Accounts for 2020-21.

The NIFRS Board is responsible for the provision of core fire and rescue functions across Northern Ireland. 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.

Recognising that we are living in a fast changing world where some previous certainties can no longer be applied, we understand that we need to become a Fire & Rescue Service which can flexibly respond to these changes, working with others, to deliver our services to the communities we serve.

This flexibility was evident in our response to the global Covid-19 pandemic which impacted on how NIFRS delivered its services during 2020-21.

The first Covid-19 case in the UK was reported at the beginning of February 2020, and since then, the UK Government has taken significant steps to contain the virus. By mid-March 2020 and throughout 2020-21 these measures included a number of societal lockdowns which resulted in public sector bodies like NIFRS carrying out their roles and responsibilities in a new operating environment.

These were unprecedented times and on behalf of the Board I would commend all our employees and partner agencies on their response.

During 2020-21 we implemented our new Purpose Statement which clearly outlines that our role going forward is:

*'To help make Northern Ireland a safer place and improve community wellbeing. We will work with others to deliver a high quality fire and rescue service that is valued by the public, our partners and our people.'*

This new Purpose Statement is underpinned by new value statements, 6 strategic outcomes and a suite of strategic performance indicators.

During 2020-21 we continued to progress our Service Transformation Programme which will underpin the redesign of our fire and rescue service and through it we aim to ensure that we are better structured to deliver the best, affordable service to everyone in Northern Ireland with a view to having the right people, in the right place, at the right time.

As an organisation we know we already have the talent and commitment to embrace transformational change and to ensure that we continue to deliver the service the public deserves. However, we are committed to embedding a culture which sets high expectations and ensures our people are developed, supported and motivated to fulfil their potential and deliver results.

Ultimately we want NIFRS to be an organisation where everyone enjoys coming to work and feels that they can contribute to making Northern Ireland a safer place because we know that we are all Safer by working Together.

## **Introduction by Carmel McKinney OBE, Chairperson, NIFRS Board (continued)**

During the year we progressed operational recruitment in a number of areas:

- 3 new Firefighter (Controls) graduated and were allocated to Watches in our Regional Control Centre (RCC);
- We completed a Wholetime Recruitment exercise which resulted in –
  - 14 On-Call Firefighters commenced an accelerated Trainee Firefighter Programme on 1 February 2021 and were posted to Wholetime Stations in mid-March;
  - A further 24 Trainees joined the Trainee Firefighter Programme on 22 February 2021 and will graduate and be posted to Station in mid-June 2021; and
- In addition we also appointed 122 On-Call Firefighters across 41 Stations with 9 separate Trainee in-takes from September 2020 to March 2021.

During 2020-21 we continued to progress Phase 2 of our £42.1m Learning & Development Centre (LDC) at Cookstown and hope to go onsite early in 2021-22. When complete, these facilities will allow us to enhance learning opportunities for all employees thus providing them with the necessary training to discharge their roles and responsibilities and develop as individuals.

We are continuing to progress our new £5.94m Command & Control Mobilising System Project which will help deliver an even more effective and efficient operational service to the public. The new system will harness the latest technology to manage the mobilisation of resources to incidents and to provide enhanced communication between the incident ground and RCC. Infrastructure work within NIFRS Headquarters will be undertaken in the forthcoming year to ensure resilience for the new Command & Control Mobilising System going forward.

Throughout the year the Board continued to monitor progress on the implementation of 14 Business Improvement Projects. The aim of each project is to improve future service delivery whilst also addressing a large number of historical audit recommendations. As such I am pleased to report that significant progress has been made with 78% of the outstanding internal audit recommendations fully implemented and 22% partially implemented. The only historical recommendations moving into 2021-22 relate to longer term projects; implementation of structural reviews; and/or a requirement for IT or other capital investment.

I and my Board colleagues 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, ensuring that Firefighter and public safety are at the core of every decision we make.

We are incredibly proud to be part of NIFRS and I wish to take this opportunity to acknowledge and recognise the magnificent work that all employees do in protecting our community from fire and other emergencies.

# SECTION 1 – PERFORMANCE REPORT

## Performance Report by Michael Graham Chief Fire & Rescue Officer

### 1.1 Performance Overview



Whilst the role of a Firefighter has changed NIFRS continues through the provision of prevention, protection, resilience and response activities, to deliver a fire and rescue service, and work in partnership with others to ensure the safety and wellbeing of the community.

During 2020-21, we received 33,163 emergency calls (+0.8% on 2019-20) and attended 22,390 incidents (+0.7% on 2019-20). This increase in call volume is in part attributable to Covid-19 lockdowns which have resulted in society being at home for longer periods.

We are increasingly tasked to road traffic collisions, wildfire, flooding and water rescues, animal rescues, incidents involving chemical, biological or radioactive substances as well as search and rescue incidents. During 2020-21, our operational statistics show us responding to 528 road traffic collisions and 2,236 special service calls.

I am however pleased to see that the number of hoax calls has reduced to 630 (-30.9% on 2019-20) and that the skills demonstrated by Regional Control Centre (RCC) personnel through call management and call challenge resulted in Crews mobilising to less than 50% of those calls (316 mobilisations).

One of our key targets is to reduce the number of deaths as a result of accidental dwelling fires. Whilst the number of accidental dwelling fires decreased to 761 (-2.7% on 2019-20), unfortunately during 2020-21, 8 people still lost their lives in accidental dwelling fires. We continue to work hard towards our ultimate goal, to ensure that no-one in Northern Ireland loses their life as a result of an accidental house fire, and in doing so we will continue to engage with the public, identifying and targeting those most at risk from fire in our community.

We continue to work with our partners across the voluntary and statutory sectors to help us to identify and engage with those people who need our help the most, particularly those meeting the definitions contained within the People at Risk Strategy.

During 2020-21, Firefighters carried out 3,039 Home Fire Safety Checks (HFSC) providing advice and fitting 3,025 smoke alarms and 15,937 Strategically Targeted Areas of Risk (STAR) visits were completed. Due to the restrictions linked to Covid-19 many of these intervention activities were delivered virtually.

We continued to progress our Service Transformation Programme which aims to redesign our fire and rescue service to ensure that we are better structured and have the right resources to ensure we deliver the best, affordable service to everyone in Northern Ireland with a view to having the right people, in the right place at the right time. We look forward to shaping the future direction of NIFRS with key stakeholders including the responsible Minister and the Department of Health (DoH).



## 1.1 Performance Overview (continued)

At the beginning of 2020-21 NIFRS received a budget allocation of £79.434m in respect of revenue and £8.39m for capital, which included £1.22m ring fenced funding for Learning & Development Centre (LDC) Cookstown, and the key focus of my role is to ensure the proper use of public money in line with Managing Public Money Northern Ireland (MPMNI). The final budget allocation was £82,837m in respect of revenue and £8.326m for capital.

In terms of financial performance we achieved the required break-even position during 2020-21 and paid 97.7% of trade creditors within the 30 day target (2019-20: 86.8%) and 91.8% of trade creditors within the 10 day target (2019-20: 73.5%).

We are committed to providing the best value fire and rescue service to the public. Our overall costs per head of population increased by 3.3% to £43.73 for 2020-21 (£42.35 in 2019-20 ) (\*calculated based on Northern Ireland Statistics and Research Agency 2019 mid-year population estimate of 1.894 million people) however the need to effectively manage our resources remains a priority.

We continue to focus our attention on capital investment in key areas of infrastructure including estates and IT. With organisational restructuring and significant capital investment 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 challenging financial climate.

A number of key capital projects that have progressed in-year include the replacement of the Command & Control Mobilising System, Phase 2 of the LDC Cookstown and significant work was undertaken to strengthen and enhance our IT infrastructure, systems and resilience to support projects, including the roll-out of mobile devices to support home working as part of our Covid-19 response.

In March 2021 we launched our new Learning Management System (LMS) 'Ignite', which provides us with an innovative and efficient approach to learning management including the automatic recording of training and flagging of personnel whose training has or is about to expire.

As an equal opportunities employer we are committed, in line with our Equal Opportunities Policy Statement, to making good faith efforts to comply with equality legislation and the principles of fairness and in doing so aim to maximise the potential of all employees, providing equality of opportunity in all aspects of employment and avoiding unlawful discrimination. Our work in this area is recognised locally and we hold a Bronze Northern Ireland Diversity Chartermark, a new recognition for local employers.

We have developed a revised Fraud Policy and Fraud Response Plan to outline our approach to tackling fraud, defining employee responsibilities and the actions to be taken in the event of suspected or perpetrated fraud, whether originating internally or externally to the organisation. We have also reviewed a number of other governance documents covering, Customer Complaints; Raising Concerns; and Code of Conduct which will go live in early 2021-22.

Throughout the year we continued to work closely with DoH; Home Office; and National Fire Chiefs Council (NFCC) to identify and monitor the potential impacts on service delivery provision as a result of the UK exit from the European Union. We also engaged with Republic of Ireland (RoI) colleagues regarding any potential impacts which EU exit might have on

## 1.1 Performance Overview (continued)

existing cross-border response arrangements; and have developed International Data Sharing Agreements with Border Counties Fire Services.

During 2020-21 with the continued support and professionalism of our employees and strategic partners we are moving in the right direction and will be able to bring about the necessary change and improvement required, knowing that we are Safer Together.

### Organisational Overview - 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 1.894 million, providing them with a range of fire and rescue services.

Under The Fire and Rescue Services (Northern Ireland) Order 2006, The Fire Safety Regulations (Northern Ireland) 2010, 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 RCC where all the Fire 999 calls for Northern Ireland are answered and Fire Crews mobilised to respond.

NIFRS has 68 Fire Stations across Northern Ireland utilising a variety of crewing models using Wholetime, On-Call and Volunteer Firefighters.



## 1.1 Performance Overview (continued)

### Vision, Purposes, Values & Strategic Outcomes

During 2020-21, our revised Vision, Purpose, Values & Strategic Outcomes Statements went live following Ministerial approval. These are:

**Our Vision:** Safer Together

**Our Purpose:** To help make Northern Ireland a safer place and improve community wellbeing. We will work with others to deliver a high quality fire and rescue service that is valued by the public, our partners and our people.

**Our Values:**

- Community** – we will put our community first.
- Improvement** – we will learn and develop.
- Respect** – we will respect each other.
- Integrity** – we do the right things.

#### Our Strategic Outcomes:

| Theme                        | Descriptor  |
|------------------------------|---|
| 1. Transformation            | We will design and deliver progressive change across the organisation using new and innovative ways to improve the efficiency and effectiveness of the service we deliver.  |
| 2. Community Risk Management | We will help make Northern Ireland a safer place through working with others to develop and deliver a Community Safety Plan. This Plan will show how we will effectively target our prevention, protection, response and resilience activities to reduce community risk and enhance firefighter safety. |
| 3. People                    | We will embed a high performing and inclusive culture which promotes health, safety, wellbeing and personal responsibility and ensures our people are continually developed, supported and motivated to deliver results.  |
| 4. Governance & Performance  | We will have a robust approach to governance, planning and performance management that supports both the effectiveness of the service we deliver and continuous improvement.  |
| 5. Financial Management      | We will ensure an effective use of available budget through risk-based financial planning to deliver agreed outcomes and use public money in the best way possible.   |
| 6. Asset Management          | We will ensure the effective development and management of all organisational assets in a way that drives efficiency and supports the delivery of our service.  |

## 1.2 Performance Analysis

### Strategic Performance Indicators (SPIs)

NIFRS reports to the NIFRS Board and DoH on performance against its 6 Strategic Outcomes and Strategic Performance Indicators as detailed in the following table:

| Strategic Outcome   | SPI No. | Strategic Performance Indicators   |
|---------------------|---------|--|
| 1. Transformation   | SPI 1   | <b>Improvement in the Areas of Efficiency, Effectiveness &amp; People Measured Against the Her Majesty's Inspectorate for Constabularies and Fire Rescue Services (HMICFRS) Baseline.</b>  |
| 2. Service Delivery | SPI 2   | <b>Accidental Dwelling Fire Fatalities</b><br>Reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline   |
|                     | SPI 3   | <b>Accidental Dwelling Fires</b><br>Reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline   |
|                     | SPI 4   | <b>Accidental Dwelling Fire Injuries</b><br>Reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline   |
|                     | SPI 5   | <b>Deliberate Primary Fires</b> Reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline   |
|                     | SPI 6   | <b>Deliberate Secondary Fires</b><br>Reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline  |
|                     | SPI 7   | <b>Attacks Causing Injury to Personnel</b><br>Zero attacks causing injury to personnel   |
|                     | SPI 8   | <b>Emergency Response Standards - Appliance Pass Attendance</b><br>Achieve and maintain local 999 emergency response standard of 75% appliances attending an incident within the set target times  |
|                     | SPI 9   | <b>Initial Response Times</b><br>Wholetime Station Areas: 90% in 10 mins;<br>On-Call Station Areas: 90% in 20 mins   |
|                     | SPI 10  | <b>Alignment of NIFRS Operational Policy &amp; Procedure with National Operational Guidance</b><br>Baseline of 14% alignment at April 2020 - increase Year 1 to 30% alignment, increase Year 2 alignment to 60%, Year 3 onwards obtain and maintain alignment at 90% |
| 3. People           | SPI 11  | <b>Reduced Number of Shifts Lost Per Person (Wholetime, Regional Control Centre &amp; Support)</b><br>Reduce by 5% year-on-year from 2019-20 baseline  |
|                     | SPI 12  | <b>Increased Percentage of Females in the Operational Workforce</b><br>Target 0.5% year-on-year increase   |
|                     | SPI 13  | <b>SPI 13 Full Annual Attainment of Compliance Against Training Figures Set Out in the Operational Competence Framework (OCF) &amp; Related Policies</b><br>Wholetime and On-Call  |

## 1.2 Performance Analysis (continued)

### Strategic Performance Indicators (SPIs) (continued)

| Strategic Outcome           | SPI No. | Strategic Performance Indicators   |
|-----------------------------|---------|--|
| 4. Governance & Performance | SPI 14  | <b>Reduction in the Numbers of New Recommendations &amp; Outstanding Recommendations</b><br>New recommendations - 20% reduction year-on-year from 2019-20 baseline of 91 (reported quarterly);<br>Outstanding recommendations - 20% reduction year-on-year from baseline of 127 as at 1 April 2020; their age profile; and management of timelines to implementation (reported annually) |
|                             | SPI 15  | <b>Full annual attainment of DoH compliance measures as depicted in the MSFM/Partnership Agreement</b>   |
| 5. Financial Management     | SPI 16  | <b>By 31st March each year, to achieve financial breakeven target of +/- 0.25%</b><br>RAG rating reported annually   |
|                             | SPI 17  | <b>Achieve and maintain prompt payment target of 95% invoices paid within 30 days and 75% within 10 days.</b><br>75% invoices paid in 10 days; 95% invoices paid in 30 days  |
| 6. Asset Management         | SPI 18  | <b>Percentage of Actual Fleet &amp; Engineering Inspections Versus Planned Inspections</b>   |
|                             | SPI 19  | <b>Percentage of Actual Planned Preventative Maintenance (PPM) Inspections Versus Scheduled PPM Inspections</b>  |
|                             | SPI 20  | <b>Attainment of a reduction of 30% in energy usage in buildings by 2030.</b><br>3% year-on-year reduction from 2016/17 baseline   |

## 1.2 Performance Analysis (continued)

### Reporting on Strategic Performance Indicators

| Strategic Performance Indicators   | Target / Average Baseline  | 2018-19                 | 2019-20                 | 2020-21                 |
|--|--|-------------------------|-------------------------|-------------------------|
| <b>SPI 1 Improvement in the Areas of Efficiency, Effectiveness &amp; People Measured Against the HMICFRS Baseline</b>  | RAG Rating Reported Annually   | N/A                     | N/A                     | Red                     |
| <b>SPI 2 Accidental Dwelling Fire Fatalities</b><br>Reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline*  | <b>Baseline:</b> 6.8<br><b>Target:</b> 6.7   | 6                       | 3                       | 8                       |
| <b>SPI 3 Accidental Dwelling Fires</b><br>Reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline*  | <b>Baseline:</b> 830.4<br><b>Target:</b> 813.8   | 809                     | 782                     | 761                     |
| <b>SPI 4 Accidental Dwelling Fire Injuries**</b><br>Reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline*  | <b>Baseline:</b> 86.4<br><b>Target:</b> 84.7   | 84                      | 63                      | 83                      |
| <b>SPI 5 Deliberate Primary Fires</b> Reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline*  | <b>Baseline:</b> 1,209.2<br><b>Target:</b> 1,185.0   | 1,062                   | 1,027                   | 919                     |
| <b>SPI 6 Deliberate Secondary Fires</b><br>Reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline*   | <b>Baseline:</b> 4,771.6<br><b>Target:</b> 4,676.2   | 5,659                   | 3,834                   | 4,648                   |
| <b>SPI 7 Attacks Causing Injury to Personnel</b><br>Zero attacks causing injury to personnel   | <b>Target:</b> 0   | 0                       | 4                       | 1                       |
| <b>SPI 8 Emergency Response Standards - Appliance Pass Attendance</b><br>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) | <b>Response Area Targets</b><br><br><b>1<sup>st</sup> Appliance</b><br>High 75% 6min<br>Medium 75% 12min<br>Low 75% 21min<br><br><b>2<sup>nd</sup> Appliance</b><br>High 75% 9min<br>Medium 75% 15min<br>Low 75% 24min | 50.1%<br>69.1%<br>92.7% | 52.5%<br>69.0%<br>91.5% | 46.4%<br>72.4%<br>90.1% |
| <b>SPI 9 Initial Response Times</b><br>Wholetime (WT) Station Areas: 90% in 10 mins; On-Call (OC) Station Areas: 90% in 20 mins  | <b>Target:</b><br>WT 90% in 10 mins<br>OC 90% in 20 mins   | N/A                     | N/A                     | WT: 84.5%<br>OC: 91.2%  |



## 1.2 Performance Analysis (continued)

### Reporting on Strategic Performance Indicators (continued)

| Strategic Performance Indicators  | Target / Average Baseline  | 2018-19 | 2019-20 | 2020-21                              |
|---|--|---------|---------|--------------------------------------|
| <b>SPI 10 Alignment of NIFRS Operational Policy &amp; Procedure with National Operational Guidance</b><br>Baseline of 14% alignment at April 2020 - increase Year 1 to 30% alignment, increase Year 2 alignment to 60%, Year 3 onwards obtain and maintain alignment at 90%   | <b>Baseline:</b> 14%<br><b>Target:</b> 30%   | 0%      | 14%     | 18%                                  |
| <b>SPI 11 Reduced Number of Shifts Lost Per Person (Wholetime, Regional Control Centre &amp; Support)</b><br>Reduce by 5% year-on-year from 2019-20 baseline  | <b>Baseline:</b> 16.6<br><b>Target:</b> 15.8   | N/A     | 16.6    | 9.4                                  |
| <b>SPI 12 Increased Percentage of Females in the Operational Workforce</b><br>Target 0.5% year-on-year increase   | <b>Target:</b> 4.67%   | N/A     | N/A     | 5.22%                                |
| <b>SPI 13 Full Annual Attainment of Compliance Against Training Figures Set Out in the Operational Competence Framework (OCF) &amp; Related Policies</b> Wholetime (WT) and On-Call (OC)  | <b>WT Target:</b> 100%<br><b>OC Target:</b> 100%   | N/A     | N/A     | WT: 69%<br>OC: 57%                   |
| <b>SPI 14 Reduction in the Numbers of New Recommendations &amp; Outstanding Recommendations</b><br>New recommendations - 20% reduction year-on-year from 2019-20 baseline; Outstanding recommendations - 20% reduction year-on-year from baseline at 1 April 2020; their age profile; and management of timelines to implementation | <b>Baseline:</b><br>New 91<br>Outstanding 127<br><br><b>Target:</b><br>New 72.8<br>Outstanding 101.6 | N/A     | N/A     | New: 92<br><br>Outstanding: 107      |
| <b>SPI 15 Full annual attainment of DoH compliance measures as depicted in the MSFM/Partnership Agreement</b>   | <b>Target:</b><br>Full Attainment  | N/A     | N/A     | Green                                |
| <b>SPI 16 By 31st March each year, to achieve financial breakeven target of +/- 0.25%</b>   | RAG Rating.<br>Reported Annually.  | N/A     | N/A     | -0.01%                               |
| <b>SPI 17 Achieve and maintain prompt payment target of 95% invoices paid within 30 days and 75% within 10 days.</b><br>75% invoices paid in 10 days<br>95% invoices paid in 30 days  | <b>Target:</b><br>75% in 10 days<br>95% in 30 days   | N/A     | N/A     | 10 Days: 91.8%<br><br>30 Days: 97.7% |
| <b>SPI 18 Percentage of Actual Fleet &amp; Engineering Inspections Versus Planned Inspections</b>   | <b>Target:</b><br>100%   | N/A     | N/A     | 83%                                  |
| <b>SPI 19 Percentage of Actual Planned Preventative Maintenance (PPM) Inspections Versus Scheduled PPM Inspections</b>  | <b>Target:</b><br>100%   | N/A     | N/A     | 99%***                               |
| <b>SPI 20 Attainment of a reduction of 30% in energy usage in buildings by 2030.</b> 3% year-on-year reduction from 2016/17 baseline  | RAG Rating.<br>Reported Annually.  | N/A     | N/A     | Green                                |

#### Notes

- \* 5 year average baseline is calculated from the average of 2015-16, 2016-17, 2017-18, 2018-19 & 2019-20
- \*\* Requiring attendance at hospital
- \*\*\* Reporting has 2 month lag
- N/A New measure introduced during 2019-20 – historical information not available

## 1.2 Performance Analysis (continued)

### Reporting on Service Delivery Statistics

Statistical data on a range of Service Delivery activities are recorded to monitor performance and determine future priorities.

| Performance Measurement <sup>(1)</sup>                              | 2018-19 | 2019-20 | 2020-21 | % change from 2019-20 & 2020-21 <sup>(3)</sup> |
|---|---------|---------|---------|--|
| <b>Regional Control Centre</b>                                      |         |         |         |  |
| 999 Calls managed by RCC*   | 38,511  | 32,895  | 33,163  | +0.8%  |
| Incidents Mobilised   | 24,586  | 22,238  | 22,390  | +0.7%  |
| Hoax Calls Received   | 1,048   | 912     | 630     | -30.9%   |
| Mobilisations to Hoax Calls   | 415     | 404     | 316     | -21.8%   |
| <b>Response Activity</b>  |         |         |         |  |
| Primary Major Fires Mobilised <sup>(2)</sup>                        | 2,860   | 2,731   | 2,510   | -8.1%  |
| Deliberate Primary Fires  | 1,062   | 1,027   | 919     | -10.5%   |
| Accidental Dwelling Fires   | 809     | 782     | 761     | -2.7%  |
| Accidental Dwelling Fire Fatalities                                 | 6       | 3       | 8       | +166.7%  |
| Accidental Dwelling Fire Fatalities – People at Risk                | 3       | 1       | 7       | +600.0%  |
| Major Fire Rescues  | 47      | 34      | 39      | +14.7%   |
| Major Fire Casualties   | 420     | 421     | 343     | -18.5%   |
| Road Traffic Collisions Mobilised                                   | 744     | 737     | 528     | -28.4%   |
| Road Traffic Collision Fatalities (only at RTCs NIFRS mobilised to) | 38      | 33      | 27      | -18.2%   |
| Road Traffic Collision Rescues                                      | 40      | 45      | 33      | -26.7%   |
| Road Traffic Collision Casualties                                   | 1,052   | 1,069   | 687     | -35.7%   |
| Special Service Calls Mobilised (Excludes RTCs)                     | 2,252   | 2,282   | 2,236   | -2.0%  |
| Special Service Call Fatalities (Excludes RTCs)                     | 36      | 32      | 35      | +9.4%  |
| Special Service Call Rescues (Excludes RTCs)                        | 662     | 749     | 649     | -13.4%   |
| Special Service Call Casualties (Excludes RTCs)                     | 403     | 509     | 456     | -10.4%   |



## 1.2 Performance Analysis (continued)

### Reporting on Service Delivery Statistics (continued)

| Performance Measurement <sup>(1)</sup>                     | 2018-19 | 2019-20  | 2020-21 | % change from 2019-20 & 2020-21 <sup>(3)</sup> |
|--|---------|----------|---------|--|
| Gorse Fires (Secondary)                                    | 3,155   | 1,189    | 1,913   | +60.9%   |
| Secondary Fires – Other <sup>(2)</sup>                     | 3,232   | 2,935    | 3,263   | +11.2%   |
| False Alarms due to Alarm Systems                          | 8,760   | 9,179    | 8,471   | -7.7%  |
| <b>Prevention Activity</b>                                 |         |          |         |  |
| Fire Safety Audits   | 1,074   | 706      | 522     | -26.1%   |
| Home Fire Safety Checks                                    | 5,272   | 6,980    | 3,039   | -56.5%   |
| Smoke Alarms Fitted During HFSC                            | 5,734   | 7,520    | 3,025   | -59.8%   |
| Strategically Targeted Areas of Risk (STAR) <sup>(4)</sup> | 13,951  | 19,660** | 15,937  | -18.9%   |

#### Notes

\* The 999 Calls managed by RCC figures do not include Test Calls or Exercises

\*\* Includes 654 STAR visits from 2019-20 which weren't added to MIS until post year-end

(1) Following establishment of a central Data Analysis Hub, data analysis methodologies were reviewed during 2019-20 and as required historical outcomes restated using the revised methodology

(2) 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 5 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, and hedges), fires involving rubbish, street or railway furniture, fires in single derelict buildings or vehicles

(3) All percentages have been rounded to one decimal place for reporting purposes

(4) 2019-20 was the first full year of the STAR initiative

## Prevention & Protection Activities

| Prevention Theme        | Activity                 | 2018-19 |        | 2019-20 |        | 2020-21 |       |
|-------------------------|--------------------------|---------|--------|---------|--------|---------|-------|
|                         |                          | Events  | Reach  | Events  | Reach  | Events  | Reach |
| Fire Safety in the Home | Leaflets                 | 2,134   | 70,838 | 1,071   | 34,924 | 2,552   | 4,934 |
|                         | Youth Engagement         | 267     | 9,348  | 254     | 10,500 | 28      | 397   |
|                         | Safety Team              | 726     | 22,695 | 555     | 19,737 | 155     | 3,576 |
|                         | Chip Pan Demos           | 6       | 1,008  | 3       | 5,500  | 0       | 0     |
|                         | Community Safety Vehicle | 0       |        | 4       |        |         |       |
|                         | Bee Safe                 | 28      | 6,499  | 40      | 3,572  | 3       | 638   |
|                         | Event/Exhibition         | 99      | 24,413 | 83      | 7,261  | 1       | 0     |
|                         | Talk                     | 73      | 1,900  | 89      | 3,322  | 7       | 11    |

## 1.2 Performance Analysis (continued)

### Reporting on Service Delivery Statistics (continued)

| Prevention Theme | Activity                 | 2018-19 |       | 2019-20 |        | 2020-21 |        |
|------------------|--------------------------|---------|-------|---------|--------|---------|--------|
|                  |                          | Events  | Reach | Events  | Reach  | Events  | Reach  |
| People at Risk   | Leaflets                 | 169     | 9,020 | 441     | 10,535 | 2,176   | 26,441 |
|                  | Partnership Development  | 17      | 122   | 35      | 374    | 7       | 185    |
|                  | Talks                    | 112     | 2,180 | 155     | 2,955  | 20      | 300    |
|                  | Events/Exhibitions       | 26      | 1,444 | 27      | 3,935  | 2       | 0      |
|                  | Replacement Smoke Alarms | 318     |       | 273     |        | 79      |        |
|                  | Home Fire Safety Checks  | 5,272   |       | 6,980   |        | 3,039   |        |

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview**

#### **STRATEGIC OUTCOME 1: TRANSFORMATION**

##### **Outcome Description**

We will design and deliver progressive change across the organisation using new and innovative ways to improve the efficiency and effectiveness of the service we deliver.

##### **Related Strategic Measures**

- SPI 1 - Improvement in the areas of efficiency, effectiveness and people measured against the Her Majesty's Inspectorate of Constabularies, Fire & Rescue Services (HMICFRS) baseline assessment.

##### **2020-21 Highlights**

The NIFRS Transformation Programme covers 3 work-streams:

- Service Delivery Modelling;
- People & Culture; and
- Systems & Processes.

##### **Service Delivery Modelling**

The overarching purpose of the Service Delivery Modelling work-stream is to produce a new Service Delivery model for NIFRS which is effective, efficient and sustainable. It will incorporate all relevant aspects of Service Delivery, building upon work which is already ongoing or completed.

The Service Delivery Modelling projects have the following primary objectives:

- To change the way in which we deliver our service by reviewing our: Wholetime and On-Call delivery models, capabilities, Area and District Structures, numbers, roles and locations of Flexible Duty System Officers, incident mobilisations, use of Operational Day Duty personnel and our Estates provision.
- To develop a Community Safety Plan to deliver more effective and efficient high quality Prevention & Protection and Response & Resilience activities to the NI public.
- To work with key stakeholders to consider how the development of a wider role for NIFRS could help to make Northern Ireland a safer place and further improve community wellbeing.
- To protect Public and Firefighter safety by adopting an evidence and risk based approach to our decision-making process.

Within the Service Delivery Modelling work-stream we are managing 10 project areas as follows:

- Sector Led Baseline – Our aim is to establish a sector led baseline, peer support and external validation.
- Review of Principal Officer Terms & Conditions (T&Cs) – Our aim is to consider T&Cs within a revised Executive Leadership Team (ELT) Structure.

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **Strategic Outcome 1 – Transformation (continued)**

- Community Safety Plan – Our aim is to develop our strategic direction for the next 3-5 years around community safety. This will encompass Prevention; Protection; Response; and Resilience activities.
- Area Management Structure – Our aim is to deliver a more effective and efficient Area Command Management structure that supports all areas of Service Delivery.
- Wholetime and On-Call Model (Red Fleet) Review – Our aim is to develop a flexible resourcing model that supports risk reduction and operational response.
- On-Call Policies and Contracts – Our aim is to develop a reliable and sustainable model that supports risk reduction and provides operational response.
- Flexi Duty Review – Our aim is to develop a flexible resourcing model that provides the required operational response and supports Service Delivery across NIFRS.
- Mobilisation Review – Our aim is to ensure the level of operational response mobilised to incidents is reflective of risk to public and Firefighter safety and aligns to National Practice.
- Headquarters (HQ) and LDC Operational Day Duty Post Review – Our aim is to provide the most appropriate combination of operational and support roles to effectively support Service Delivery.
- Operational Training Delivery – Our aim is to ensure our operational training delivery supports both organisational and community needs.

Due to Covid-19 the work of HMICFRS was paused and as such we were unable to attain a Baseline Assessment. It is hoped that this will be progressed by HMICFRS or another appropriate inspection regime during 2021-22.

Work in each of the other project areas has progressed during 2020-21 and it is anticipated that the full outworkings will be available for key stakeholder consideration in 2021-22.

### **People & Culture**

The overarching purpose of the People & Culture work-stream is to embed a high performing and inclusive culture which promotes health, safety, wellbeing and personal responsibility and ensures our people are continually developed, supported and motivated to deliver results.

The People & Culture projects have the following primary objectives:

- To develop structures and ways of working which will meet the changing needs of the service.
- To engage with all our people to promote a culture of high performance, personal responsibility, innovation and openness to change.
- To provide excellent learning and development opportunities for our people to ensure competence in role and structured approaches to managing talent and succession planning.
- To embed a health and wellbeing culture so that our people are engaged, attend work and perform well.
- To create a more diverse and inclusive working environment.

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **Strategic Outcome 1 – Transformation (continued)**

Within the People & Culture work-stream we are managing 5 project areas as follows:

- Organisational Design - Our aim is to develop structures and ways of working which will meet the changing needs of the service.
- Employee Engagement - Our aim is to engage with all our people to promote a culture of high performance, personal responsibility, innovation and openness to change. To promote the highest standards of professionalism through our shared values in service to the public.
- Learning & Development - Our aim is to provide excellent learning and development opportunities for our people to ensure competence in role and structured approaches to managing talent and succession planning.
- Health & Wellbeing - Our aim is to embed a health and wellbeing culture so that our people are engaged, attend work and perform well.
- Equality & Inclusion - Our aim is to create a more diverse and inclusive working environment which recognises the value difference can bring to the Service.

We have developed a People & Culture Strategy to support the delivery of the above aims over a 5 year period. This Strategy will commence implementation during 2021-22.

#### **Systems & Processes**

The overarching purpose of the Systems & Processes work-stream is to deliver modern, fit-for-purpose, processes and systems and prioritising where most benefit can be achieved in delivering an efficient and effective support services delivery model.

The Systems & Processes projects have the following primary objectives:

- We will review our approach to how we conduct business processes with a view to maximising effectiveness and efficiency.
- We will prioritise and implement the findings of the Line of Business (IT) Review to support a more effective, efficient and high quality service delivery.
- We will implement a single corporate procurement approach for any IT or Communications systems.
- We will consider the most efficient and effective model to provide the required support services, including Shared Services.

Within the Systems & Processes work-stream NIFRS are managing 6 project areas as follows:

- Finance Service Provision – Our aim is to deliver a modern fit-for-purpose Finance service.
- Human Resources & Payroll Service Provision – Our aim is to deliver a modern fit-for-purpose integrated HR Payroll service.
- Data Hub Service Provision – Our aim is to deliver effective and consistent data consolidation, analysis and reporting.
- Integration of IT and Operational Communications Support – Our aim is to deliver an integrated Information and Communications Technology service.
- Operational Rostering and Time Recording Systems – Our aim is to deliver an efficient, effective and consistent rostering and time management system.

**1.2 Performance Analysis (continued)**  
**Strategic Outcome Overview (continued)**  
**Strategic Outcome 1 – Transformation (continued)**

- Develop and Implement Data Warehouse – Our aim is to establish a single point of information storage in support of consistent, corporate information for reporting.

During 2020-21 the Data Processing & Analysis Hub (DPAH) structure was fully established and it is now offering a centralised data consolidation, analysis and reporting function using existing systems.

During 2020-21 the DPAH worked closely with IT colleagues to deliver the Data Warehouse Project Pilot. This pilot has successfully provided the DPAH with a live data working environment and enhanced presentational methods to support organisational reporting. The next phase of the Data Warehouse Project will be further progressed during 2021-22.

Work in each of the other project areas has progressed during 2020-21 and it is anticipated that the full outworkings, including Business Cases as applicable, will be available for further Board consideration in 2021-22.

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **STRATEGIC OUTCOME 2: COMMUNITY RISK MANAGEMENT**

##### **Outcome Description**

We will help make Northern Ireland a safer place through working with others to develop and deliver a Community Safety Plan. This Plan will show how we will effectively target our Prevention, Protection, Response and Resilience activities to reduce community risk and enhance firefighter safety.

##### **Related Strategic Measures**

- SPI 2 - Number of fatalities in accidental dwelling fires (reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline).
- SPI 3 - Number of accidental dwelling fires (reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline).
- SPI 4 - Number of injuries in accidental dwelling fires (reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline (injuries are the number of people taken to hospital for treatment)).
- SPI 5 - Number of deliberate primary fires (reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline).
- SPI 6 - Number of deliberate secondary fires (reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline).
- SPI 7 - Number of attacks causing injury to personnel (target - zero attacks causing injury to personnel - benchmark 5 year baseline).
- SPI 8 - Achieve and maintain local 999 emergency response standard of 75% appliances attending an incident within the set target times (targets - 1st Appliance - High 6mins; Medium 12mins; and Low 21mins; and 2nd Appliance - High 9mins; Medium 15mins; and Low 24mins).
- SPI 9 - Measure first appliance response times, from time of call, based on the crewing of the station area to which crews are mobilised (target – Wholetime Station Areas: 90% in 10 mins; On-Call Station Areas: 90% in 20 mins).
- SPI 10 - Alignment of NIFRS Operational Guidance with National Operational Guidance (baseline of 14% alignment at April 2020 - increase Year 1 to 30% alignment, increase Year 2 alignment to 60%, Year 3 onwards obtain and maintain alignment at 90%).

##### **2020-21 Highlights**

##### **Call Handling**

Our Regional Control Centre (RCC) provides 24 hour emergency call management including call handling, call challenge to identify hoax calls, mobilising the nearest available and appropriate appliance/s and crew/s, information flow between operational crews and managers and information recording.

During 2020-21 RCC received 33,163 emergency calls.

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

### **Strategic Outcome 2 – Community Risk Management (continued)**

#### **Response**

We have 68 Fire Stations across Northern Ireland, with Crews providing a fast and effective response to a wide range of emergency incidents all across Northern Ireland.

Under The Fire and Rescue Services (Northern Ireland) Order 2006 our response duties moved beyond the historical activities of extinguishing fires to include other response activities, such as Road Traffic Collisions (RTC). The Fire and Rescue Services (Emergencies) Order (Northern Ireland) 2011 further extended our statutory responsibility to include Chemical, Biological, Radiological and Nuclear (CBRN), Search and Rescue (SAR), serious flooding and serious transport incidents.

We also respond to incidents such as water rescues, bariatric rescues and animal rescues as part of our wider corporate social responsibility.

During 2020-21 operational Crews were mobilised to 22,390 incidents.

#### **Resilience**

We make our community safer by planning and preparing so we have the capacity and capability to respond and recover from threats, and emergencies that can cause major disruptions for the community.

Developing our resilience capability ensures that we can fulfil our statutory duties under The Fire and Rescue Services (Northern Ireland) Order 2006 and The Fire and Rescue Services (Emergencies) Order (Northern Ireland) 2011 and as such will have the resources available to respond and recover effectively from incidents that would critically effect our Community.

These incidents include:

- Major industrial & transport incidents;
- Large collapsed structures;
- Terrorist related incidents;
- Natural environmental risks including serious and widespread flooding;
- Chemical, Biological, Radiological, Nuclear (CBRN) incidents; and
- Operational capabilities including - Rope Rescue; Urban Search and Rescue (USAR); Flood Response; High Volume Pump (HVP); Marine Response; Hazardous Material (Hazmat); Large Animal Rescue and Heavy Vehicle Rescue.

We have highly trained tactical advisors who are able to offer technical support and information at complex incidents.

To provide operational assurance of our capability to respond to these types of incidents, procedures are regularly tested and exercised with multi-agency partners to ensure preparedness.



## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

### **Strategic Outcome 2 – Community Risk Management (continued)**

#### **Emergency Planning**

We are represented across the NI Civil Contingencies structures at all levels and working with partner agencies is an integral part of the overall emergency planning process in Northern Ireland. We are represented strategically on the Civil Contingency Group N.I. (CCGNI) and Northern Ireland Emergency Preparedness Group (NIEPG), and regionally on the 3 Emergency Preparedness Groups (EPGs) across Northern Ireland. Through these structures NIFRS contributes to the wider multi-agency preplanning for response and recovery to events that impact Northern Ireland.

#### **Operational Guidance and Risk Information**

We develop and maintain robust systems, processes and procedures to produce operational guidance. This guidance builds upon national best practice and identifies potential hazards in the operational environment and provides the relevant control measures to personnel, to support the management of operational risk. This enables us to provide a safe, effective and efficient response to operational incidents.

To further support our preparedness and ensure the most effective response, we collect relevant information about specific higher risk sites within Northern Ireland and share this with operational Fire Crews on the incident ground.

#### **Prevention**

We make our community safer by aiming to prevent incidents occurring by educating, delivering safety advice and providing targeted interventions to those most at risk. This is achieved by understanding the needs of our community and working in collaboration with a range of partners.

#### **Targeted Interventions**

Through our People at Risk Strategy, we specifically targeted Prevention work in 2020-21 at those people considered to be at greatest risk - those aged 50 or older; or anyone with an impaired mobility. The impact of Covid-19 lockdown restrictions reduced the number of activities carried out by our personnel during this period.

Through the People at Risk Strategy 2,284 activities were completed reaching an audience of 26,926. These activities included leaflet drop, talks, events and exhibitions. Between 1 April 2020 and 31 March 2021, Firefighters carried out 3,039 free Home Fire Safety Checks (HFSCs) and fitted 3,025 smoke alarms.

Through other engagement in relation to fire safety in the home, we completed 2,746 activities, including leaflet drops, youth engagement, Safety Team, events/exhibitions and talks, reaching an audience of 9,556.

Since the Strategically Targeted Areas of Risk (STAR) initiative was launched, we have been focusing interventions at specific geographical locations based on incident data. STAR areas are 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.

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

### **Strategic Outcome 2 – Community Risk Management (continued)**

Between 2017 and 2020, we targeted over 44,000 homes to provide fire safety advice and offer a free HFSC to people at risk.

A revised strategy, which was due to commence in April 2020, has been impacted as a result of the Covid-19 pandemic. As an interim measure to address Covid-19 related restrictions, we completed a Fire Safety postal campaign specifically targeted at 15,937 households identified through the STAR initiative.

In addition to this, we have worked collaboratively with specific partner agencies involved in the distribution of provisions to households through their Food Bank project. This collaboration enabled us to distribute additional Fire Safety advice to 18,500 households.

#### Collaboration and Partnership

Due to the situation of Covid-19, the development of new partnerships was curtailed. There are currently 112 live partnerships across the voluntary and statutory sector.

#### Fire Safety Volunteers

During 2020-21, the volunteering programme was temporarily suspended. Due to Covid-19, no new volunteers were recruited. Currently, NIFRS has 30 active volunteers registered across the 4 locations – Crescent Link, Cookstown, Coleraine and Downpatrick.

#### Youth Engagement

The Fire Cadet Scheme is a voluntary youth organisation within NIFRS which not only helps us engage with young people but also assists us in our recruitment outreach activities in ensuring a representative workforce. It is a 3 year programme open to young people aged 14-17 years old and provides an exciting and varied range of activities including basic firefighter skills, team building and first aid training.

We have 5 Cadet Branches in Belfast, Bangor, Lisburn, Newry and Cookstown. The Covid-19 pandemic necessitated the suspension of the Fire Cadet Scheme during 2020-21 but it is hoped that the programme can be reinvigorated during 2021-22.

#### Road Safety

Our Road Safety Strategy (2018–2021) recognises that, to make a significant and effective contribution, we need to work in partnership with others to identify and implement best practice, improving our intervention skills whilst endeavouring to promote responsible road behaviour.

In 2020-21 Fire Crews attended 528 Road Traffic Collisions (RTCs), a 28.4% decrease on 2019-20. 27 people tragically lost their lives at RTCs attended by NIFRS (53 RTC fatalities in total in 2020-21 – source: PSNI Website).

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **Strategic Outcome 2 – Community Risk Management (continued)**

We work closely with the Department of Infrastructure (DoI), PSNI and NIAS to help improve road safety and reduce the number of collisions occurring and therefore the number of people killed and injured.

#### **Protection**

##### **Fire Safety Audits**

Our Fire Safety Inspectors audit relevant premises (approximately 65,000 within Northern Ireland) to provide information to help owners/managers of premises maintain the required standards as detailed in The Fire Safety Regulations (Northern Ireland) 2010. The aim is to educate and inform but, where necessary, enforce or ultimately prosecute cases of non-compliance with the fire safety requirements.

We apply a risk based, intelligence-led approach to target those premises most at risk to ensure we have the greatest impact with our available resources.

Risk information gathered through these Fire Safety audits will be captured and shared to enhance Firefighter safety within the operational environment.

During 2020-21, we carried out 522 Fire Safety Audits in non-residential premises under the Fire Safety Legislation. There was one Enforcement Notice and no Prohibition Notices issued to premises during this reporting period. The impact of Covid-19 lockdown restrictions reduced the number of inspections carried out by NIFRS in this period.

##### **Health and Safety**

Due to the risk environment NIFRS works within, it is important that we focus on our legislative requirements in terms of Health & Safety as depicted in the Health & Safety at Work (Northern Ireland) Order 1978. As such we ensure Health & Safety statutory compliance through our protection workstreams, with a particular focus on community and Firefighter safety within the operational environment.

## 1.2 Performance Analysis (continued)

### Strategic Outcome Overview (continued)

#### STRATEGIC OUTCOME 3 – PEOPLE

##### Outcome Description

We will embed a high performing and inclusive culture which promotes health, safety, wellbeing and personal responsibility and ensures our people are continually developed, supported and motivated to deliver results.

##### Related Strategic Measures

- SPI 11 - Reduced number of shifts lost per person (target - Reduce by 5% year-on-year from 2019-20 baseline).
- SPI 12 - Increased % of females in the operational workforce (target – 0.5% year-on-year increase).
- SPI 13 - Full annual attainment of compliance against training figures set out in the Operational Competence Framework (OCF) and related policies.

##### 2020-21 Highlights

##### Resourcing

NIFRS Resourcing Team delivered a busy programme of recruitment and selection throughout 2020-2021 with 43 recruitment processes for Operational, Regional Control Centre (RCC) and Support employees completed. The Resourcing Team continued to deliver recruitment and selection processes throughout the Covid-19 pandemic and increased the number of recruitment processes delivered in 2019-2020.

##### Appointments/Promotions

| Role  | No of Appointments |
|---|--------------------|
| Director of Service Delivery (Secondment)*    | 1                  |
| Area Commander (Secondment)                   | 1                  |
| Group Commanders (includes Secondments)       | 14                 |
| RCC Station Commanders (includes Secondments) | 3                  |
| RCC Watch Commanders                          | 2                  |
| RCC Crew Commanders (includes Secondments)    | 3                  |
| Firefighters – Wholetime & RCC (Full-Time)    | 41                 |
| Firefighters – On-Call                        | 122                |
| Support Roles                                 | 27                 |

\* Executive Leadership Team (ELT) appointment

##### Firefighter Recruitment

During 2020-21, the Resourcing Team delivered a Wholetime Firefighter recruitment process. The recruitment process was launched in May 2020 and was completed in December 2020 and attracted 5,079 applications. 38 Wholetime Firefighters were appointed in February 2021.

The female appointment rate for the process was 15.4% which is an increase from the previous 2017 process and an increase from the female applicant rate which was 12.4%.

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **Strategic Outcome 3 – People (continued)**

The Wholetime Firefighter recruitment process also received a satisfactory assurance following an internal audit at the end of the process.

We also appointed 122 On-Call Firefighters across 41 Stations with 9 separate Trainee intakes from September 2020 to March 2021.

#### **RCC Recruitment**

During 2020-21, 3 new Firefighter (Controls) became operational after completing the RCC Training Programme.

#### **Investors in People (IIP)**

In 2019 Investors in People (IIP) conducted a service-wide survey and various face-to-face meetings in order to assess the organisation against the IIP standard. As a result we have successfully achieved the following:

- Investors in People accreditation at a 'developed' level in the IIP Sixth Generation Standard; and
- Investors in People Health and Wellbeing Award.

This IIP accreditation remains in place for 2 years and was an important objective within the HR Strategy. We were delighted that the first stage in the IIP journey has been successful and we will use the IIP report to ensure we evolve our people practices.

#### **Employee Engagement and Recognition**

NIFRS has a substantive workforce of 1,990 people spread over 77 sites (Stations, Districts, Areas, Service Support, Learning & Development Centre (LDC) – Boucher & Cookstown, and Headquarters).

We use a variety of channels to communicate and engage with employees. Organisationally, we know that engaging, empowering and recognising our people are critical elements to excellent service delivery. During 2020-21 these included Executive Leadership Team employee engagement sessions; leadership conferences and weekly e-bulletin communications.

Cognisant of the challenges of blended working linked to our response to Covid-19, a number of Executive Leadership Team Employee Engagement sessions took place during 2020-21. This provided all employees with the opportunity to engage with management in a virtual environment and to receive updates.

During March 2021 we hosted our first virtual Leadership Conference entitled 'Towards Tomorrow: Rebuild & Grow'. This was aimed at employees with responsibility for managing people and teams and the guest speakers provided a valuable insight into resilience, flexibility of approach, and use of various management styles.

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **Strategic Outcome 3 – People (continued)**

The Covid-19 pandemic meant that we were unable to host our annual Employee Award Ceremony to acknowledge and recognise the contribution made by individuals and teams. It would however be remiss of the Board and Executive Leadership Team not to take this opportunity to acknowledge and extend thanks to employees for their dedication, support and professionalism as demonstrated throughout the pandemic.

#### **Health & Wellbeing**

We are committed to ensuring that our people are healthy, able to attend work and able to perform while in work. We have a holistic and integrated approach to wellbeing which includes:

- Wellbeing action planning;
- Absence management;
- Communication;
- Employee services (counselling, occupational health);
- Performance management;
- Healthy lifestyles; and
- Work-life balance arrangements.

An employee Health and Wellbeing dashboard containing important information and signposting on a number of health and wellbeing topics is available to access from the homepage on all NIFRS PCs and has proved invaluable in providing health and wellbeing support to employees during the Covid-19 pandemic.

#### **Attendance Management**

During 2020-21 an organisation-wide Attendance Management Project saw an overarching review of policy, procedures and systems.

Employees with individual or team management responsibilities, received training in new systems and processes and our new Personnel Administration Management Systems (PAMS), after a period of parallel processing alongside historical systems, is due to go live on 1 April 2021.

The benefits of this project are already reflected in year-end outcomes showing absence levels fall significantly to 9.4 shifts lost per person (-43.4% on 2019-20).

#### **Equality & Inclusion**

We aim to create an inclusive working environment to maximise the potential of all employees, providing equality of opportunity in all aspects of employment and avoiding unlawful discrimination. We are an equal opportunities employer, committed to making good faith efforts to comply with equality legislation and the principles of fairness.

Outreach activities, focused on promoting firefighting as a viable career option for women and other groups, remain a priority and have attracted a range of applicants.

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **Strategic Outcome 3 – People (continued)**

Whilst there is more to do, NIFRS have set a target to increase our percentage of females in the operational workforce by 0.5% year-on-year. During 2020-21 we achieved this target and by 31 March 2021, 5.22% of our operational workforce is female.

We currently hold a Bronze Northern Ireland Diversity Chartermark, a new recognition for local employers, for our progress on gender diversity. We are now eligible to use the Diversity Mark logo and are encouraged to display this as the 'Mark of Progress'. The Chartermark will support us in improving and working towards higher level accreditation over the next 3 years.

#### **Learning & Development**

In March 2021 we launched our new Learning Management System (LMS) 'Ignite', which provides us with an innovative and efficient approach to learning management including the automatic recording of training and flagging of personnel whose training has or is about to expire.

LMS will support learning and will offer a diverse range of online learning modules to cover topics such as governance, leadership and management development, performance management, managing projects, and supporting and managing teams. The e-learning content will also include a range of soft skills, supporting the formal classroom based training already in place.

LMS also utilises intuitive technology and is available to employees 24 hours a day, 7 days a week, to support learning & development, along with providing access to materials and media to assist in the transition to a new, more efficient model of training.

#### **Operational Training**

We provide a range of operational training to ensure that we support our people to remain competent in their role. This includes breathing apparatus, road traffic collision, casualty care, compartment firefighting training, working at height, emergency fire appliance driving and operation and incident command.

We have implemented an Operational Competence Framework (OCF) which includes a standardised and Service-wide Training Planner, Simulation & Performance Reference (SPR) booklets, and the National Drill book for standardising the use of procedures and equipment.

In preparation for the move to the new Learning & Development Centre (LDC) Cookstown, we have revised our training curriculum to enable the breathing apparatus and compartment fire (live burn) training to be combined into a new tactical firefighting module.

We continue to progress Phase 2 of LDC Cookstown with a view to relocating all our training facilities to purpose-built facilities that will allow us to develop all our employees and provide the necessary training to allow them to discharge their roles and responsibilities.



## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **STRATEGIC OUTCOME 4: GOVERNANCE & PERFORMANCE**

##### **Outcome Description**

We will have a robust approach to governance, planning and performance management that supports both the effectiveness of the service we deliver and continuous improvement.

##### **Related Strategic Measures**

- SPI 14 - Reduction in the number of new recommendations (Target - 20% reduction year-on-year from 2018/19 baseline of 99) and outstanding recommendations (Target - 20% reduction year-on-year from baseline of 120 as at 1 April 2019); their age profile; and management of timelines to implementation.
- SPI 15 - Full annual attainment of DoH compliance measures as depicted in the MSFM/Partnership Agreement.

##### **2020-21 Highlights**

##### **Planning Process Review**

In advance of the 2020-21 planning year we revised our Vision, Purpose, Values and Strategic Outcome which, following Ministerial sign-off, formed the basis of the planning process.

We have used these to inform a top-down bottom-up approach which utilised various scanning techniques to determine how we are or could be impacted by our environment in terms of political, economic, social and technological influences.

By using our Purpose, Vision, Values and Strategic Outcome as the basis, the resultant Plan ensures organisational focus is on the key areas of work and that we ensure that everything that we do is delivering against legislative, Departmental and organisational requirements.

The final draft Annual Business Plan 2020-21 was presented to and approved by the NIFRS Board and DoH. This Plan was operational throughout 2020-21 and results are now reported on bimonthly basis to the NIFRS Board and other key stakeholders.

##### **Risk Management Process Review**

During 2020-21 we built upon existing foundations and carried out a fundamental review of the risk profile, starting with a blank sheet. A number of Board, Executive Leadership Team and Senior Leadership Team workshops were hosted.

A revised list of 15 organisational risks underpinned by 51 Directorate level risks and issues were documented and these were agreed internally during the final quarter of 2020-21 prior to being presented at a NIFRS Board Workshop on 22 March 2021.

The Strategic Risk Register will be maintained as a live document within SharePoint.



## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **Strategic Outcome 4 – Governance & Performance (continued)**

The existing Risk Management Policy & Procedure is currently under revision to reflect the new process and will be implemented early in 2021-22.

#### **Board Governance Review**

During 2020-21 the NIFRS Board reviewed its Standing Committees updating terms of reference; information flows; and membership. The NIFRS Board is now supported by 3 primary Standing Committees. All Standing Committees are regulated by Terms of Reference which were approved by the NIFRS Board in September 2020 and information flows were approved in November 2020.

The Standing Orders; Scheme of Delegation; and Standing Financial Instruction documents have all been reviewed and will be presented to the Board for approval in early 2021-22.

#### **Governance Policy Review**

As part of the overarching Governance Review we also reviewed a number of governance policies and/or procedures covering the following areas:

- Customers Complaints;
- Fraud;
- Raising Concerns; and
- Code of Conduct

These documents were presented to and approved by the Audit, Risk & Governance Committee in March 2021 and we are currently completing Representative Body engagement with a view to implementing these documents and relevant supporting training early in 2021-22.

#### **Business Improvement Recommendations**

Throughout 2020-21 we continued to implement the 13 Business Improvement Projects and added an additional Project linked to the Independent Review Report issued in 2019-20.

These projects covering the following key areas:

- Contract Management;
- Estates, Capital and Facilities Management;
- Financial Management;
- Fuel, Vehicle & Equipment;
- Governance;
- Human Resources Advisory;
- Independent Review;
- Learning & Development;
- Information Management;
- Information Technology Management;
- Organisational Development;
- Planning & Performance Management;

## 1.2 Performance Analysis (continued)

### Strategic Outcome Overview (continued)

#### Strategic Outcome 4 – Governance & Performance (continued)

- Service Delivery; 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 2020-21. A review of the implementation of previous priority one and priority 2 Internal Audit recommendations was carried out at mid-year and again at year-end. At year-end, 78% out of the outstanding recommendations examined were fully implemented, and a further 22% were partially or not yet implemented.

At year-end the only historical recommendations moving into 2021-22 relate to longer term projects; implementation of structural reviews; and/or a requirement for IT or other capital investment.

#### **Information Management**

We continue to progress the Information Management agenda.

Vacant roles within the new Information Unit were advertised and filled in 2020-21 and we are now working closely with DoH colleagues via the Information Governance Advisory Group (IGAG).

The final year of a 3-year Information Management Action Plan focused on addressing areas of concern including:

- Strategy and Policy review/update;
- Data Sharing protocols including international data exchange;
- Management of Data Breaches;
- Completion of Data Protection Impact Assessments for new systems/processes;
- Resourcing within the Data Protection/Freedom of Information function; and
- Records Management.

Progress against the above areas was independently examined by Internal Audit, who following an audit in 2020-21, provided a satisfactory assurance outcome to reflect the significant progress made in this area.

#### **Complaints**

NIFRS records Customer Charter Complaints and outcomes. During 2020-21 we received 37 complaints broken down as follows:

|                  | 2019-20 | 2020-21 |
|------------------|---------|---------|
| Complaints Total | 32      | 37      |
| Formal           | 1       | 2       |
| Informal         | 31      | 35      |

During 2020-21 all complaints were investigated under the Customer's Charter Complaints Procedure which contains the following escalation protocol:

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **Strategic Outcome 4 – Governance & Performance (continued)**

- 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.

During 2020-21 the Customer Complaints Policy & Procedure was revised and approved by the Audit, Risk & Governance Committee. This new Policy & Procedure will go live in 2021-22 and has a focus on service delivery complaints. Any other complaints received will be managed under a separate NIFRS policy and/or procedure.

## 1.2 Performance Analysis (continued)

### Strategic Outcome Overview (continued)

#### STRATEGIC OUTCOME 5 – FINANCIAL MANAGEMENT

##### Outcome Description

We will ensure an effective use of available budget through risk-based financial planning to deliver agreed outcomes and use public money in the best way possible.

##### Related Strategic Measures

- SPI 16 - By 31st March each year, to achieve financial breakeven target of +/- 0.25%.
- SPI 17 - Achieve and maintain prompt payment target of 95% invoices paid within 30 days and 75% within 10 days.

##### 2020-21 Highlights

##### Financial Performance

The 2020-21 budget allocations from DoH were £79.434m in respect of revenue and £8.39m for capital which includes £1.22m ring fenced funding for LDC Cookstown. The final budget allocation was £82,837m in respect of revenue and £8.326m for capital.

During 2020-21 we monitored expenditure against an overall financial key performance breakeven target of 0.25% or £20k (whichever is the greater) of revenue allocation and regularly reporting on monthly financial outcomes to the NIFRS Board - we achieved -0.01%.

We worked closely with DoH to ensure sound financial management during the year and where appropriate, secured additional resourcing. This collaborative approach ensures we achieved break even at year end.

| Year    | Revenue Budget             |                            |                       |                      |     | Capital Budget             |                            |                       |                      |
|---------|----------------------------|----------------------------|-----------------------|----------------------|-----|----------------------------|----------------------------|-----------------------|----------------------|
|         | Opening Revenue Allocation | Closing Revenue Allocation | Revenue Outturn Spend | (Under) / Over Spend |     | Opening Capital allocation | Closing Capital Allocation | Capital Outturn Spend | (Under) / Over Spend |
|         | £'000                      | £'000                      | £'000                 | £'000                |     | £'000                      | £'000                      | £'000                 | £'000                |
| 2018/19 | 73,067                     | 73,693                     | 73,690                | (3)                  |     | 13,883                     | 14,085                     | 14,078                | (7)                  |
| 2019/20 | 74,148                     | 80,219                     | 80,097                | (122)                | (1) | 7,279                      | 7,364                      | 7,364                 | -                    |
| 2020/21 | 79,434                     | 82,837                     | 82,848                | 11                   | (2) | 8,617                      | 8,326                      | 8,301                 | (25)                 |

##### Notes –

- (1) In 2019/20, £3.7m was made available for the recurrent pressure resulting from pension scheme revaluation.  
 (2) NIFRS received additional allocation through an in-year departmental exercise.

## 1.2 Performance Analysis (continued)

### Strategic Outcome Overview (continued)

### Strategic Outcome 5 – Financial Management (continued)

#### **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:

|                                      | <b>2018-19<br/>£000</b> | <b>2019-20<br/>£000</b> | <b>2020-21<br/>£000</b> |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| <b>Net expenditure</b>               | 81,390                  | 80,097                  | 82,848                  |
| <b>RRL</b>                           | 81,393                  | 80,219                  | 82,837                  |
| <b>Break even position (%)</b>       | 0.00%                   | 0.11%                   | -0.01%                  |
| <b>Net Capital expenditure</b>       | 14,078                  | 7,364                   | 8,301                   |
| <b>CRL</b>                           | 14,085                  | 7,364                   | 8,326                   |
| <b>(Under)/overspend against CRL</b> | (7)                     | -                       | (25)                    |
| <b>Firefighter pension liability</b> | 873,640                 | 1,009,140               | 1,091,480               |
| <b>Re-measurement gains/losses</b>   | 39,238                  | (108,025)               | (55,687)                |

#### **Pensions**

In 2015, the Government introduced reforms to Public Sector Pension Schemes. This resulted in the establishment of a number of new reformed schemes across the public sector.

In 2018, the Court of Appeal held that the transitional protection, offered to members who were closer to retirement age, gave rise to unlawful discrimination.

In Northern Ireland, the public service pensions consultation to remove the discrimination identified by the Courts in the 2015 pension reforms closed in November 2020 with the Department of Finance (DoF) response published in February 2021. Her Majesty's Treasury's (HMT) consultation response was also published in February 2021.

The result of the public consultation is a decision to allow members to exercise 'deferred choice'. This means that moving forward, at the point benefits are paid, for example, at retirement, eligible members will be able to choose to receive legacy pension scheme benefits or benefits equivalent to those available under the reformed pension scheme for service between 2015 and 2022. Not all members are better off in the legacy schemes, so it is important that individual members can choose which scheme benefits they want to receive.

This means that implementing the remedy is not a straightforward action of returning all pension members to their pre-2015 schemes.

Full and proper implementation of the remedy requires a number of crucial policy decisions to be made and legislated so as to provide direction for the significant technical complexities that arise as a result of the remedy. The associated legislation is not expected to be enacted until 2023.

**1.2 Performance Analysis (continued)**  
**Strategic Outcome Overview (continued)**  
**Strategic Outcome 5 – Financial Management (continued)**

A further complexity arises from any treatment of immediate detriment that would require NIFRS to make assumptions as to the treatment of these technical complexities and then make any necessary adjustments following policy decisions.

There is currently no software solution as the software providers are waiting for the policy decisions before commencing software design. Any work undertaken now would require an exponential increase in resource to process manually and will carry significant inherent risk of error.

There are no Pension Schemes in Northern Ireland taking any action at this point in time. A Business Case has been developed to secure funding for software development and additional resources to administer the remedy. NIFRS continues to engage both nationally and locally to understand the implications and requirements for us to comply with the remedy.

**Pensions Project**

We have procured a pensions system and are working closely with the software provider and HSC Pensions to progress implementation and introduced a managed service for pensions administration and payroll.

HSC Pensions' employees have been trained in NIFRS pension administration and continued to provide pensions administration and quality assurance throughout the year.

There was a 'soft' handover of pensions administration to HSC Pensions prior to 1 April 2021.

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **STRATEGIC OUTCOME 6 – ASSET MANAGEMENT**

##### **Outcome Description**

We will ensure the effective development and management of all organisational assets in a way that drives efficiency and supports the delivery of our service.

##### **Related Strategic Measures**

- SPI 18 - % of actual fleet & engineering inspections versus planned inspections (target - 100%).
- SPI 19 - % of actual Planned Preventative Maintenance (PPM) inspections versus scheduled PPM inspections (monthly) (target - 100%).
- SPI 20 - Attainment of a reduction of 30% in energy usage in buildings by 2030 (target - 3% year-on-year reduction from 2016/17 baseline).

##### **2020-21 Highlights**

##### **Investment in Fleet**

Fleet & Engineering Services completed the 2020-21 capital procurement plan which resulted in the delivery of 17 pumping appliances during the year.

##### **Stock & Asset Management System**

During 2020-21 we continued with the implementation of the new Stock & Asset Management System (SAM) which will provide full traceability and accountability of all assets from delivery to disposal with automated systems to account for movement.

Whilst we had hoped that the full solution would be implemented by the end of 2020-21, the Covid-19 pandemic and related travel restrictions impacted on User Acceptance Testing, resulting in an implementation delay of approximately 6 months.

Phase 1 of the new SAM System went live on 22 April 2021; and Phase 2 is anticipated to go live on or before 1 October 2021.

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

Following Business Case approval, during 2020-21 we continued to progress Phase 2 of our Learning & Development Centre (LDC) Cookstown and hope to go onsite early next year. When complete these facilities will allow us to enhance learning opportunities for all employees thus providing them with the necessary training to discharge their roles and responsibilities and develop as individuals.

Rebuild works at Larne Fire Station is also progressing and it is hoped that we will be able to return to Station by the end of 2021.

## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **Sustainability and Energy Management**

NIFRS are currently reviewing energy management and sustainability protocols in terms of emissions; waste usage and management; biodiversity; and climate change. This review will continue into 2021-22.

Resultant actions will support the attainment of the NI Assembly Energy Reduction Scheme 2020-24 target of 30% reduction target by 2030. This reduction is baselined against overall consumption in year 2016-17. In support of this target the Service Support Directorate are currently taking a number of actions as follows:

- 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.
- Additionally, during 2021-22 the Fleet & Engineering Services Department will be adding some electric vehicles to the overall fleet with a view to moving to a more sustainable and energy efficient fleet over the coming years.

#### **Replacement Command & Control Mobilisation Project**

We are continuing to progress the implementation of our new £5.94m Command & Control Mobilising System which will help deliver an even more effective and efficient operational service to the public by harnessing the latest technology to manage the mobilisation of resources to incidents and to provide enhanced communication between the incident ground and RCC.

Infrastructure work within NIFRS Headquarters is ongoing to provide a temporary RCC location whilst primary works are undertaken to accommodate the new Command & Control Mobilising System going forward.

#### **Investment in IT**

In order to meet future business needs a significant transformation of NIFRS IT systems and services was required. IT infrastructure services are now a shared service, provided by the Business Services Organisation (BSO).

BSO is 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 2020-21.

Significant work was undertaken to strengthen and enhance our IT infrastructure, systems and resilience to support projects including the roll-out of mobile devices to support home working during Covid-19.



## **1.2 Performance Analysis (continued)**

### **Strategic Outcome Overview (continued)**

#### **Performance Report by Michael Graham Chief Fire & Rescue Officer (continued)**

Signed: Michael Graham  
Accounting Officer

Date: 9 July 2021

## **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 the 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 the Department of Health (DoH) as its sponsoring Department. The 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 the NIFRS Board.

A number of changes took place within the NIFRS Board during the year:

- Cllr Peter Martin left the Board on 1 May 2020; and
- 6 New Members commenced on 1 April 2020, namely:
  - Ms Bonnie Anley;
  - Cllr Jonathan Craig;
  - Cllr Thomas O’Hanlon;
  - Mr Jim Quinn;
  - Mrs Hilary Singleton; and
  - Ms Lindsey Smith

Membership of NIFRS Board as at 31 March 2021:

- Ms Carmel McKinney – Chairperson;
- Mr Michael Graham – Chief Fire & Rescue Officer;
- Ms Bonnie Anley;
- Cllr Jonathan Craig;
- Cllr Cadogan Enright;
- Mr Kenneth Henning;
- Cllr Robert Irvine;
- Cllr Thomas O’Hanlon;
- Mr Jim Quinn;
- Mrs Hilary Singleton;
- Ms Lindsey Smith; and
- Mr Gordon Smyth.

As part of a Board Governance Review, Standing Committee structures; terms of reference; and membership were revised during 2020-21.

##### **Executive Leadership Team (ELT)**

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

## **2.1 Corporate Governance Report (continued)**

### **Directors Report (continued)**

Membership of ELT as at 31 March 2021 comprised of the following:

- Mr Michael Graham, Interim Chief Fire & Rescue Officer (Accounting Officer);
- Mr Paddy Gallagher, Assistant Chief Fire & Rescue Officer (Director of Service Delivery);
- Mr Aidan Jennings, Assistant Chief Fire & Rescue Officer (Director of Service Support);
- Mr Mark Deeney, Assistant Chief Fire & Rescue Officer (Director of Transformation, Performance & Governance);
- Mrs Donna O'Connor, Acting Director of Human Resources; and
- Ms Paula White, Interim Director of Finance.

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

- The Assistant Chief Fire & Rescue Officer (Service Delivery) role was held by the following during 2020-21:
  - Mr Alan Walmsley (1 April 2020 to 24 April 2020); and
  - Mr Paddy Gallagher (24 April 2020 to date).
- The Director of Human Resources role was held by the following during 2020-21:
  - Mrs Elaine Magee (1 April 2020 to 5 January 2021); and
  - Mrs Donna O'Connor (5 January 2021 to date).

The Chief Fire & Rescue Officer (CFRO) and all other Directors were in role throughout 2020-21.

### **Register of Interests**

On appointment, Board Members and members of ELT 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 & Improvement Unit within the Transformation, Performance & Governance Directorate.

No interests were declared which might conflict with Board or ELT responsibilities.

### **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 General Data Protection Regulation 2016 and Data Protection Act 2018; and to the adherence of guidance set by the Information Commissioner's Office (ICO). There were 5 potential personal data breaches investigated during 2020-21 all of which were investigated and as necessary referred to the ICO. No ICO action was taken in any instance.

## **2.1 Corporate Governance Report (continued)**

### **Directors Report (continued)**

#### **Pension Obligations**

NIFRS participates in the Northern Ireland Local Government Pension Scheme (NILGOSC) for the majority of Support and Regional Control Centre (RCC) employees. 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 the Pension Accounts.

#### **Charitable Donations**

No charitable donations were made which resulted in financial expenditure in 2020-21 (2019-20: £Nil)

#### **Prompt Payment**

DoH requires that NIFRS pay their trade creditors in accordance with the Better Payments Practice Code and Government Accounting rules. In 2020-21 NIFRS paid 97.7% of trade creditors within the 30 day target (2019-20: 86.8%) and 91.8% of trade creditors within the 10 day target (2019-20: 73.5%). Full details are disclosed in Note 14.1 of the Annual Accounts.

#### **Disclosure of Information to Auditor**

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that NIFRS Auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the Auditors are unaware.

As Accounting Officer, I confirm that the Annual Report & Statement of Accounts as a whole is fair, balanced and understandable and I take personal responsibility for the Annual Report & Statement of 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 2021, which pertained solely to the audit of the Annual Accounts, was £56k.

## **2.1 Corporate Governance Report (continued)**

### **Directors Report (continued)**

#### **Certificate of Accounting Officer**

I certify that the Annual Report & Statement of Accounts and Notes to the Accounts (Operating Accounts, pages 87-132; Pension Accounts, pages 137-171) 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 DoH.

Signed: Michael Graham  
Accounting Officer

Date: 9 July 2021

## **2.1 Corporate Governance Report (continued)**

### **Statement of Accounting Officers Responsibilities**

Under Article 3 (15) of The Fire and Rescue Services (Northern Ireland) Order 2006, the Department of Health (DoH) 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 Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of NIFRS and of its income and expenditure, Statement of Financial Position and Cash Flows for the financial year.

In preparing the 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 the Department of Health, including the 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 accounts;
- Prepare the accounts on a going concern basis; and.
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

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.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that NIFRS' auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21**

#### **1 INTRODUCTION/SCOPE OF RESPONSIBILITY**

The Board of the Northern Ireland Fire & Rescue Service (NIFRS) is accountable for internal control. As Accounting Officer and Interim 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**

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.

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 DoH for all its actions and specifically the roles and responsibilities laid out in the agreed Management Statement and Financial Memorandum (MSFM) (July 2017). This accountability is managed through day to day interaction with the Public Safety Unit (PSU) and more formally, although this mechanism was stood down at DoH's direction during 2020-21, via Ground Clearing and Accountability Meetings scheduled throughout the year. DoH representatives are also invited to all NIFRS Board and Audit, Risk & Governance Committee Meetings.

Throughout 2020-21 the appointed Accounting Officer fully complied with the Accounting Officer Memorandum.

During 2020-21 NIFRS worked with the Business Services Organisation (BSO), another Arms-Length Body (ALB). A Service Level Agreement was in place for the full financial year.

#### **Partnership Working**

Partnership is at the core of how NIFRS delivers its Service Delivery Model across the Service Delivery Directorate encompassing Prevention, Protection, Response, and Resilience functions. With an increased emphasis on partnership working, NIFRS has been actively engaged in shared projects with partners for a number of years. All existing partnerships are fully documented through Memoranda of Understanding and/or agreed Inter-Agency Partnership Agreements and Response Plans.

Within the Prevention and Protection functions NIFRS continues to work in partnership with a wide range of statutory and voluntary organisations to deliver Fire Safety and Road Safety interventions to those most at risk. NIFRS currently have 112 People at Risk Partnerships and 70+ Road Safety Partnerships agreed and in place.

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

Across the Response and Resilience functions NIFRS continues to work in partnership with a wide range of organisations achieved through the development of a number of Memoranda of Understanding. NIFRS has enhanced our collaboration and effective partnership working with partner emergency services through the combined delivery of the Joint Emergency Services Interoperability Principles (JESIP).

#### **Budget**

The Northern Ireland Assembly passed the Budget Act (Northern Ireland) 2021 on 23 March 2021 which authorised the cash and use of resources for all departments and their Arms' Length Bodies for the 2020-21 year, based on the Executive's final expenditure plans for the year.

The Budget Act (Northern Ireland) 2021 also authorised a Vote on Account to authorise Departments' access to cash and use of resources for the early months of the 2021-22 financial year.

#### **EU Exit**

On 31 December 2020 the UK formally left the European Union (EU).

Throughout 2020-21 NIFRS continued to work closely with DoH; Home Office and National Fire Chiefs Council (NFCC) to identify and monitor the potential impacts on service delivery provision as a result of the UK exit from the European Union.

NIFRS also engaged with Republic of Ireland (RoI) colleagues regarding any potential impacts which EU exit might have on existing cross-border response arrangements; and developed International Data Sharing Agreements with Border Counties Fire Services.

#### **Covid-19**

The global Covid-19 pandemic impacted on how NIFRS delivered its services during 2020-21. The first Covid-19 case in the UK was reported at the beginning of February 2020, and since then, the UK Government has taken significant steps to contain the virus. By mid-March 2020 and throughout 2020-21 these measures included a number of societal lockdowns which resulted in public sector bodies like NIFRS carrying out their roles and responsibilities in a new operating environment.

In response to the Covid-19 pandemic, NIFRS immediately set up robust Command & Control structures and developed supporting governance arrangements to document emergent issues, risks, decisions and lessons learned.

The Gold Command Group, comprising of the Executive Leadership Team (ELT) and other key employees from the Response & Resilience and Corporate Communications Departments, were responsible for directing NIFRS' immediate operational response in light of the pandemic.

The Gold Command Group worked closely with response teams established within DoH; Civil Contingencies Group Northern Ireland (CCGNI); other blue light agencies within Northern



## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

Ireland – Police & Ambulance; and sector specific groups lead by the National Fire Chiefs Council (NFCC) to ensure a consistency of approach.

Contingency arrangements have been developed and these have required a number of measures to urgently re-purpose and temporarily reconfigure the provision of services, and to identify additional capacity including the need to ensure availability of appropriate Personal Protective Equipment (PPE).

Day to day application of Gold Command decisions was initiated through the Silver and Bronze structures.

A Platinum Group was established to provide Board level oversight and quality assurance on the decisions and actions taken by Gold Command in light of the Covid-19 pandemic.

Financial measures were put in place by the Northern Ireland Executive to enable Northern Ireland to tackle the response to Covid-19 and DoH provided NIFRS with essential financial support from this package to assist in the ongoing fight against Covid-19.

## **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:

- Implementing recommendations within internal and external audit reports;
- Self-assessment documents covering Board and Audit, Risk & Governance Committee effectiveness; and
- Completion of self-assessments documents in the areas of Information Governance, Risk Management, Governance, Health & Safety, Security Management, Human Resources and Emergency Planning.

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 2017-18 BSO Internal Audit carried out an independent review of Board Effectiveness providing satisfactory assurance in relation to Board Effectiveness and confirmed that there were no significant findings that impacted on the assurance provided.

A further audit is scheduled to take place during 2021-22.

## **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

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

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;
- NIFRS Schedule of Matters Reserved for Board Decisions; and
- Accounting Officer Memorandum.

In addition, the NIFRS 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.

NIFRS Corporate Governance Framework has been in place for the duration of the year ended 31 March 2021 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 (Accounting Officer); and
- Executive Leadership 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 Councilors and the remainder are Lay Members.

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.

During 2020-21, 6 new appointments were made to fill vacancies. These new Board Members commenced on 1 April 2020. One Member also left the NIFRS Board on 1 May 2020.

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

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

Board attendance and performance are reviewed annually as part of the Board Appraisal process. All Board Meetings were quorate. Attendance at each of the 10 Board Meetings during 2020-21 was as follows:

## 2.1 Corporate Governance Report (continued)

### Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)

| Meeting Date                     | Bonnie Anley | Jonathan Craig | Cadogan Enright | Michael Graham (CFRO) | Ken Henning | Robert Irvine | Carmel McKinney | Thomas O'Hanlon | Jim Quinn | Hilary Singleton | Lindsey Smith | Gordon Smyth |  | Total Attendees | Board Size | % of Total |
|----------------------------------|--------------|----------------|-----------------|-----------------------|-------------|---------------|-----------------|-----------------|-----------|------------------|---------------|--------------|--|-----------------|------------|------------|
| 4 May 2020 <sup>*(1)</sup>       | ✓            | ✓              | ✓               | ✓                     | ✓           | ✓             | ✓               | ✓               | ✓         | ✓                | ✓             | ✓            |  | 12              | 12         | 100.0      |
| 29 May 2020 <sup>*(1)</sup>      | ✓            | ✓              | ✓               | ✓                     | ✓           | ✓             | ✓               | ✓ (2)           | ✓         | ✓                | ✓             | x            |  | 11              | 12         | 91.7       |
| 24 July 2020                     | ✓            | ✓              | ✓ (2)           | ✓                     | ✓           | ✓             | ✓               | ✓               | ✓         | ✓                | ✓             | ✓            |  | 12              | 12         | 100.0      |
| 15 September 2020                | ✓ (2)        | ✓              | ✓               | ✓                     | ✓           | ✓             | ✓               | ✓               | ✓         | ✓                | ✓             | ✓            |  | 12              | 12         | 100.0      |
| 20 October 2020 <sup>*(1)</sup>  | ✓            | ✓              | ✓               | ✓                     | ✓           | ✓             | ✓               | ✓               | ✓         | ✓                | ✓             | ✓            |  | 12              | 12         | 100.0      |
| 24 November 2020                 | ✓            | x              | ✓               | ✓                     | ✓           | x             | ✓               | ✓               | ✓         | ✓                | ✓             | ✓            |  | 10              | 12         | 83.3       |
| 18 December 2020 <sup>*(1)</sup> | ✓            | ✓              | x               | ✓                     | ✓           | ✓             | ✓               | ✓               | ✓         | ✓                | ✓             | ✓            |  | 11              | 12         | 91.7       |
| 26 January 2021                  | ✓            | ✓ (2)          | ✓               | ✓                     | ✓           | ✓             | ✓               | ✓ (2)           | ✓ (2)     | ✓                | ✓             | ✓            |  | 12              | 12         | 100.0      |
| 26 February 2021 <sup>*(1)</sup> | ✓ (2)        | ✓              | ✓               | ✓                     | x           | ✓             | ✓               | ✓ (2)           | ✓         | ✓                | ✓             | ✓            |  | 11              | 12         | 91.7       |
| 23 March 2021                    | ✓            | ✓ (2)          | ✓               | ✓                     | ✓           | ✓             | ✓               | ✓               | ✓         | ✓                | ✓             | x            |  | 11              | 12         | 91.7       |

#### Notes

- (1) Special Board Meeting  
(2) Not present for full meeting  
\* Closed Session  
✓ Present at meeting  
x Absent for meeting

## 2.1 Corporate Governance Report (continued)

### Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)

All Board Members have received a copy of the Department's Code of Conduct and Code of Accountability. Compliance with this Code is monitored by the Board Chairperson as part of each Non-Executive Board Members' annual appraisal.

No issues were detected in respect of Board performance during 2020-21.

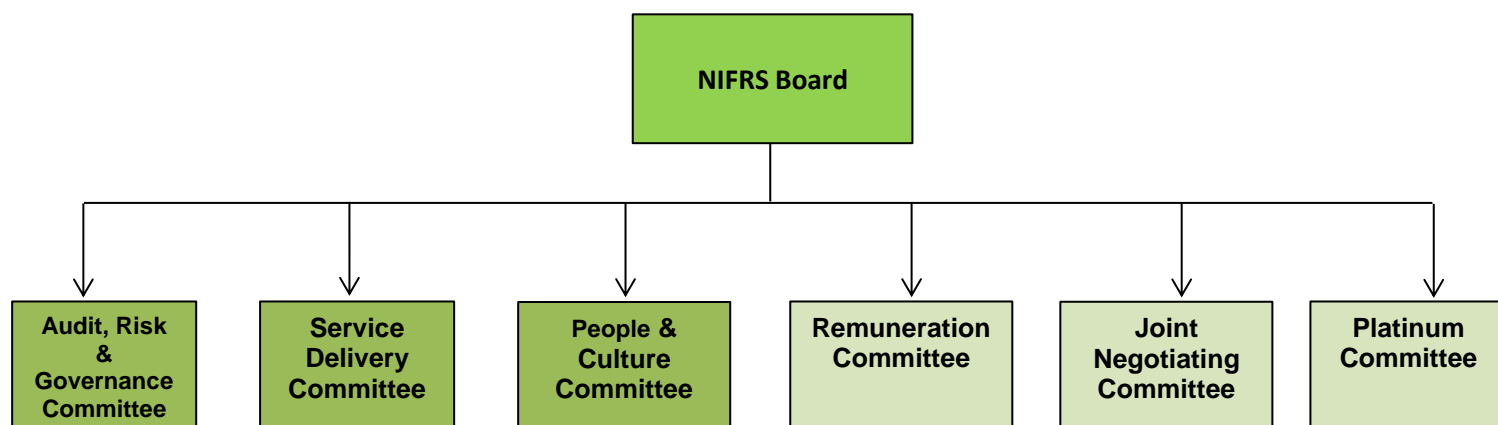
#### Board Committees (to 31 March 2021)

During 2020-21 the NIFRS Board reviewed its Standing Committees updating terms of reference; information flows; and membership. Revised Committee structures went live from 1 November 2020.

The NIFRS Board is now supported by 3 Primary Standing Committees which meet 6 times per year. All remaining Committees meet on an ad-hoc basis.

All Standing Committees are regulated by Terms of Reference which were approved by the NIFRS Board in September 2020.

The Standing Orders document also provides a framework through which Board and Committee Meetings are conducted and regulated.



#### 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 (AR&GC) were approved by the NIFRS Board in September 2020.

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 Chairperson of the AR&GC has been appointed as the Board Champion for Risk Management and works closely with lead officers with regard to the establishment of proactive and reactive controls in this area.

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

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

In 2020-21 AR&GC 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:

- Implementation of the approved Fraud Policy & Fraud Response Plan following Representative Body consideration; and
- Implementation of the approved Raising Concerns Policy & Procedure following Representative Body 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 policy implementation will be completed by 31 July 2021.

#### Other Standing Committees

The Service Delivery; People & Culture; 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 operational service delivery; health & safety; service support; human resource and cultural issues and transformation whilst ensuring systems are in place to ensure the delivery of the organisation's strategic outcomes.

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.

The Platinum Committee is in place to provide an oversight and challenge function and act as a Board decision-making body in exceptional or emergency circumstances.

#### **NIFRS Pensions Scheme Governance Framework**

The NIFRS Pension Scheme Governance Framework aligns to Code of Practice number 14 as published by The Pensions Regulator for the Governance and Administration of Public Service Pension Schemes.

DoH is the Regulatory Authority for NIFRS Pension Schemes and they amend regulations as necessary and make the policy decisions in relation to the operation of the Schemes.

The NIFRS Board is the Scheme Manager for the Firefighter Pension Schemes and is responsible for managing and administering the Schemes. In practice, the NIFRS Finance Directorate carries out the routine administration of the Schemes, for example the day-to-day running of the Schemes, including the collection and allocation of contributions and payment of benefits.

The NIFRS Pensions Board is responsible for assisting the Scheme Manager:

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

- (a) to secure compliance with regulation and legislation relating to the governance and administration of the Schemes and requirements imposed by The Pensions Regulator; and
- (b) to ensure the effective and efficient governance and administration of the Schemes.

The Scheme Advisory Board is responsible for providing advice to:

- (a) DoH on the desirability of making changes to the Schemes; and
- (b) the Scheme Manager and the Pensions Board in relation to the effective administration and management of the Schemes.

#### **New Pension Administration Arrangements**

Work is ongoing to transition the administration of the pension schemes into HSC Pensions. A service level agreement is in place with BSO for the provision of fully managed pensions administration service and it is anticipated that the transition will complete during the 2021-22 financial year. There was a 'soft' handover of pensions administration to HSC Pensions prior to 1 April 2021.

#### **Chief Fire & Rescue Officer (Accounting Officer)**

The Chief Fire & Rescue Officer is the designated Accounting Officer for NIFRS and is also a member of the NIFRS Board. The Chief Fire & Rescue Officer leads on day to day matters supported by the Executive Leadership Team.

#### **Executive Leadership Team (ELT)**

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

Membership of ELT as at 31 March 2021 comprised of the following:

- Mr Michael Graham, Interim Chief Fire & Rescue Officer;
- Mr Paddy Gallagher, Assistant Chief Fire & Rescue Officer (Director of Service Delivery);
- Mr Aidan Jennings, Assistant Chief Fire & Rescue Officer (Director of Service Support);
- Mr Mark Deeney, Assistant Chief Fire & Rescue Officer (Director of Transformation, Performance & Governance);
- Mrs Donna O'Connor, Acting Director of Human Resources; and
- Ms Paula White, Interim Director of Finance.

## **4 FRAMEWORK FOR 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.

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

#### **NIFRS' Business Planning Process**

Strategic planning sets the direction for NIFRS over a 5 year period, how it is going to get there and how it measures success.

During 2020-21 NIFRS used a purpose/vision/outcome based method of planning where planning was carried out using a top-down bottom-up approach. This strategic planning process involves:

- Developing the Purpose, Vision and Value Statements;
- Determining the strategic outcomes NIFRS must reach if it is to effectively work towards its purpose and achievement of the pre-defined purpose;
- Identifying specific approaches and action plans that must be implemented to attain each strategic outcome;
- Compiling the vision, purpose, strategic outcomes and action plans into a Strategic 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 Purpose, Vision, Value and Strategic Outcome statements which were implemented following Ministerial sign off during 2020-21.

NIFRS use various scanning techniques to determine how it is affected by its environment (internal and external) in terms of political, economic, social and technological influences. These processes look at both operational and organisational drivers to determine priorities.

The combination of outcomes provides 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 ELT 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.

The Strategic Annual Business Plan 2020-21 was generated based on the updated strategic outcomes and included DoH ALB Annual Compliance Targets. The final draft Annual Business Plan 2020-21 was presented to and approved by the NIFRS Board and DoH and became operational on 1 April 2020.

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

#### **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.



## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

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

During 2020-21 Internal Audit reviewed risk management processes as part of their annual audit programme and gave a satisfactory assurance level.

During 2020-21 NIFRS built upon existing foundations and carried out a fundamental review of the risk profile, starting with a blank sheet. A number of Board, Executive Leadership Team and Senior Leadership Team workshops were hosted and a revised list of 15 organisational risks underpinned by 51 Directorate level risks and issues were documented. These were agreed internally during the final quarter of 2020-21 prior to being presented at a NIFRS Board workshop on 22 March 2021. The Strategic Risk Register will be maintained as a live document within SharePoint.

The existing Risk Management Policy & Procedure is currently under revision to reflect the new process and will be implemented early in 2021-22. Notwithstanding, the aims of the Policy & Procedure will not change fundamentally and the documents will continue to:

- Clearly define the roles, responsibilities and reporting lines for risk management including Board; Audit, Risk & Governance Committee (AR&GC); and Strategic Risk Management Group levels;
- Include risk management issues when writing reports and considering decisions;
- Continue to demonstrate the application of risk management principles in the activities of NIFRS, its employees and Board Members;
- Reinforce the importance of effective risk management as part of the everyday work of employees and Members;
- Maintain a register of risks linked to NIFRS' Strategic and Directorate outcomes, also those risks linked to working in partnership;
- Maintain documented procedures on the control of risk and provision of suitable information, training and supervision;
- Maintain an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence;
- Prepare 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. As part of the over-arching review of Risk Management, a revised Risk Appetite Statement has been drafted and will be included in the Risk Management Policy. This document is tabled for AR&GC consideration and Board approval in July 2021.

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

Senior Leaders are responsible for highlighting the areas of risk within their Directorates and functions which may inhibit or prevent the achievement of NIFRS' Purpose, Vision, Values and Strategic Outcomes.

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

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, work is prioritised based on Board risk appetite

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

## **5 INFORMATION RISK**

### **Information Governance including Data Protection and Freedom of Information**

NIFRS hold personal and/or sensitive information both electronically and in hard copy, and this information is controlled and managed in line with the UK General Data Protection Regulations (2016), Data Protection Act (2018) and adherence to the guidance set by the Information Commissioner's Office (ICO).

All requests for personal information are governed by the NIFRS Data Protection Policy and NIFRS Guidance on the Management of Personal Files.

All new NIFRS systems or changes to existing systems are subject to a Data Protection Impact Assessment (DPIA) which will look at data uses; data exchange; and data disposal with an emphasis on personal and sensitive data. Where information is being exchanged with third parties, this will be managed under the auspices of the NIFRS Data Sharing Protocol. In such instances each party to the exchange will document and validate the data exchange process before signing up to a Data Sharing Agreement. In light of Eu Exit, during 2020-21 NIFRS also reviewed existing Data Sharing Agreements with neighbouring Fire & Rescue Services based in the Republic of Ireland. In such instances International Data Sharing Agreements were developed and signed off.

All employees must comply with the NIFRS Code of Conduct which at paragraph 9 requires all employees "to protect official information held in confidence".

The Senior Information Risk Officer (SIRO) is responsible for ensuring that compliance monitoring and reporting processes are in place.

During 2020-21 NIFRS developed and implemented a year 3 Information Management Action Plan focused on addressing areas of concern including:

- Strategy & Policy review/update;
- Data Sharing protocols including international data exchange;
- Management of Data Breaches;
- Completion of Data Protection Impact Assessments for new systems/processes;
- Resourcing within the Data Protection/Freedom of Information function; and
- Records Management.

There were 5 potential personal data breaches investigated during 2020-21 all of which were investigated and as necessary referred to the ICO. No ICO action was taken in any instance.

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

#### **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 and 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.

The ICT Security Policy is available on all desktops and employees 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.

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. 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.

During 2020-21 Internal Audit reviewed cyber security controls in terms of Secure Configuration and Malware Prevention as part of their annual audit programme and gave a satisfactory assurance level.

#### **Cyber security incident at Queen's University Belfast (QUB)**

A cyber security incident took place at Queen's University Belfast (QUB) in February 2021. In light of this incident, the NIFRS Senior Information Risk Officer (SIRO) in tandem with Health & Social Care (HSC) SIRO's and BSO Information Technology Services (ITS) initiated a review. BSO ITS immediately blocked all email traffic from QUB and NIFRS confirmed that unlike HSC counterparts it has no contractual interactions with QUB nor is personal information exchanged with QUB. Therefore the exposure from a NIFRS perspective is contained.

## **6 FRAUD**

NIFRS take a zero tolerance approach to fraud in order to protect and support our key public services and have put in place an Fraud Policy and Fraud Response Plan to outline our approach to tackling fraud, define employee responsibilities and the actions to be taken in the event of suspected or perpetrated fraud, whether originating internally or externally to the organisation.

The NIFRS Fraud Liaison Officer promotes fraud awareness, co-ordinates investigations in conjunction with the Counter Fraud Services Team and provides advice to personnel on fraud reporting arrangements. Employees are provided with fraud awareness training in support of the Fraud Policy and Fraud Response Plan, which are kept under review. At 31 March 2021 there was one case under consideration by BSO Counter Fraud Services.

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

In March 2021 the Board approved a revised version of Fraud Policy and Fraud Response Plan. This is currently under consideration by the Representative Bodies and will be implemented along with all mandatory e-learning training early in 2021-22.

## **7 PUBLIC STAKEHOLDER INVOLVEMENT**

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

- 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 and The Fire and Rescue Services (Emergencies) Order (Northern Ireland) 2011.

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 Strategic Risk Management Policy & Procedure.

## **8 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' purpose, vision, values and strategic outcomes. This system of internal control has been in operation throughout the financial year ended 31 March 2021 and up to the date of approval of the Annual Report & Accounts.

NIFRS' internal control environment is fundamental to the operation of the assurance framework and is designed to manage risk to acceptable levels. 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 ELT responsible for overseeing the running of the Fire Service supported by the SLT and a range of Senior Managers responsible for the day-to-day management of their respective Directorates;
- A comprehensive budget setting and monitoring framework including clearly defined guidelines and responsibilities with frequent reporting of performance to the NIFRS Board;
- 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 assurance requirements. Progress is reported to ELT and AR&GC;

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

- An Assurance Framework, Strategic Risk Management Policy & Procedure, and Strategic Risk Register approved and monitored by AR&GC and NIFRS Board. The Assurance Framework (under review) 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 AR&GC outlining key risks (and their relevant movements);
- Published Whistleblowing and Fraud Policies to ensure correct reporting and investigation of suspected fraudulent activities – both documents have been reviewed in 2020-21 and will be implemented early in 2021-22;
- Environmental scanning including taking cognisance of NIAO Value for Money Reports and related learning;
- An AR&GC 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;
  - 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.

#### **Assurance Processes**

NIFRS are now attending the Arms-Length Bodies (ALB) Forum and as part of the 2020-21 Internal Audit programme, BSO Internal Audit conducted an advisory exercise on behalf of all ALBs.

This exercise covered 'assurance provision in areas previously covered by Controls Assurance Standards (CAS)' and resulted in the development of assurance mapping documentation for each area of risk previously covered by a CAS, tailored to reflect current assurances in place within each ALB and identifying recommended additional assurance mechanisms where relevant. These assurance maps can then be tailored and embedded by each ALB to suit their individual needs.

The resultant briefing document and proformas was presented to AR&GC in January 2021, and management are currently examining how this can be embedded into the revised Assurance Framework.

Normally, NIFRS would also attend Ground Clearing and Accountability meetings with DoH however these were suspended during 2020-21 due to Covid-19. Notwithstanding, the Accounting Officer and Chairperson maintained weekly contact with Public Safety Unit to ensure full transparency during 2020-21.

## **9 SOURCES OF INDEPENDENT ASSURANCE**

NIFRS obtains independent assurance from the following sources:

- BSO Internal Audit; and
- Northern Ireland Audit Office.

## 2.1 Corporate Governance Report (continued)

### Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)

#### Internal Audit

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

In 2020-21 Internal Audit reviewed the following systems –

| AUDIT ASSIGNMENT            | LEVEL OF ASSURANCE PROVIDED |
|-----------------------------|-----------------------------|
| Bank & Cash                 | Satisfactory                |
| Call Response               | Satisfactory                |
| Covid Decision Making       | Satisfactory                |
| Cyber Security              | Satisfactory                |
| Information Governance      | Satisfactory                |
| National Operating Guidance | Limited                     |
| Non Pay Expenditure         | Satisfactory                |
| Risk Management             | Satisfactory                |
| Wholetime Recruitment       | Satisfactory                |

Satisfactory - Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

Limited - There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

In addition to the above Internal Audit also carried out an advisory exercise covering 'assurance provision in areas previously covered by Controls Assurance Standards (CAS)'. This resulted in the development of assurance mapping documentation for each area of risk previously covered by a CAS, tailored to reflect current assurances in place within each ALB and identifying recommended additional assurance mechanisms where relevant. These assurance maps can then be tailored and embedded by each ALB to suit their individual needs. In addition, Internal Audit completed a mid-year and year-end follow-up exercise as well as a separate follow-up exercise covering the Independent Review.

In their annual report, the Internal Auditor reported that NIFRS' system of internal control was satisfactory. This assessment was based on the adequacy and effectiveness of the Organisation's framework of governance, risk management and control in the areas audited during 2020-21.



## 2.1 Corporate Governance Report (continued)

### Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)

Significant weaknesses in control were identified in one area as follows:

| Audit Title, Assurance Level & Number of Priority 1 Findings               | Overview of Significant Findings  |
|--|---|
| National Operating Guidance (NOG) – No priority 1 findings*<br><br>Limited | At the end of August 2020, only 3 of the 21 National Operating Guidance (NOG) areas (Incident Command, Environmental Protection and Major Incidents) had been fully completed; i.e. Operational guidance in each of these areas had been aligned to NOG with all strategic actions evidenced and guidance communicated to all staff. Although NIFRS has operational guidance in place in the remaining areas, they have no assurance over whether they are compliant with NOG in 18 of the NOG areas. |

\* Priority 1 - 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.

Action to address this control weakness is being implemented via the NOG Project.

Action and progress against outstanding recommendations will be kept under annual review as part of the external audit process.

Throughout 2020-21 NIFRS continued to implement the 13 Business Improvement Projects and added an additional project linked to the Independent Review Report issued in 2019-20. Management remained focused on reducing the volume of outstanding recommendations through improved:

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

The 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 with 78% of the outstanding internal audit recommendations fully implemented and 22% partially implemented. The only historical recommendations moving into 2021-22 relate to longer term projects; implementation of structural reviews; and/or a requirement for IT or other capital investment.

#### 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;
- that information provided in the Performance and Accountability 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.

**2.1 Corporate Governance Report (continued)**  
**Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21**  
**(continued)**

**10 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;
- ELT 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.

**11 INTERNAL GOVERNANCE DIVERGENCES**

I confirm that my Organisation meets, and has in place controls to enable it to meet, the requirements of all extant statutory obligations, that it complies with all standards, policies and strategies set by the Department; the conditions and requirements set out in the MSFM, other Departmental guidance and guidelines and all applicable guidance set by other parts of government. Any significant control divergences are reported below.

There were no new divergences in 2020-21



## 2.1 Corporate Governance Report (continued)

### Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)

#### Prior Year Issues – Ongoing

| Year    | Internal Governance Issue              |  | How Issue Arose  | Remedial Action  | Update and Timescales  |
|---------|--|--|--|--|--|
| 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 (employee and systems) over the next few years. | A Working Group has been established to address these issues identified in the Controls Assurance exercise and subsequent Internal Audits.   | <p><b>Closed</b> – Given the risk around Information Governance, the Resources Committee agreed a revised structure which facilitates the establishment of a 3 person information unit within NIFRS. Vacant roles were advertised and filled in 2020-21.</p> <p>NIFRS are now working closely with DoH colleagues via IGAG.</p> <p>E-learning training was rolled out during 2020-21 and all historical recommendations have been closed/superseded.</p> <p>Significant work has been undertaken in this area over the last 5 years with new systems and processes.</p> <p>Progress against the above areas was independently examined by Internal Audit, who following an audit in 2020-21, provided a satisfactory assurance outcomes to reflect the significant progress made in this area. NIFRS are now assured of the veracity of controls in this area.</p> |
| 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 Operational Support who will be overseeing work in each of the workstreams. | <b>Ongoing</b> – During 2020-21 we continued with the implementation of the new Stock & Asset Management System (SAM) which will provide full traceability and accountability of all assets from delivery to disposal with   |

## 2.1 Corporate Governance Report (continued)

### Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)

| Year    | Internal Governance Issue |                           | How Issue Arose   | Remedial Action   | Update and Timescales   |
|---------|---------------------------|---------------------------|---|---|---|
|         |                           |                           |   | 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>automated systems to account for movement.</p> <p>Whilst we had hoped that the full solution would be implemented by the end of 2020-21, the Covid-19 pandemic and related travel restrictions impacted on User Acceptance Testing, resulting in an implementation delay of approximately 6 months.</p> <p>Phase 1 of the new Stock &amp; Asset Management (SAM) went live on 22 April 2021; and Phase 2 is anticipated to go live on or before 1 October 2021.</p> <p><b>Timescales for Resolution &amp; Closure – 31 March 2024</b><br/>1 October 2021</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. | <p>New contractual arrangements are in place via an SLA with BSO, and we are in the final stages of system implementation for administration with pension's payroll to come on-line in BSO during late 2020-21.</p> <p>Internally temporary cover is being provided through 2 employee members who have focused on ongoing administration and training of BSO employee.</p> | <p><b>Ongoing</b> – NIFRS has procured a pensions system and is working closely with the software provider and BSO to finalise systems implementation by 30 September 2021.</p> <p>BSO employees have been trained in NIFRS Pension Administration and have been providing administration support, pensions administration and quality assurance during 2020-21.</p> <p>There was a 'soft' handover of pensions administration to HSC Pensions prior to 1 April 2021. NIFRS have been discharged from scrutiny by The Pension's Regulator.</p>                  |

## 2.1 Corporate Governance Report (continued)

### Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)

| Year | Internal Governance Issue |  | How Issue Arose | Remedial Action | Update and Timescales   |
|------|---------------------------|--|-----------------|-----------------|---|
|      |                           |  |                 |                 | Annual Benefit Statements are now issued in lien with regulations.<br><br><b>Timescales for Resolution &amp; Closure</b> – 31 March 2020<br>30 September 2021 |

## **2.1 Corporate Governance Report (continued)**

### **Northern Ireland Fire & Rescue Service Year End Governance Statement 2020-21 (continued)**

#### **12 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 the satisfactory assurance provided by the Head of Internal Audit I have considered identified weaknesses against established controls and mitigations, and sought assurance from ELT that action plans are in place to manage internal control issues detected and to improve internal controls going forward.

With this in mind and after considering the accountability framework within NIFRS, I am content that NIFRS has operated a sound system of internal governance during the period 2020-21.

Signed: Michael Graham  
Accounting Officer

Date: 9 July 2021

## 2.2 Remuneration and Staff Report

During the year, the NIFRS Board, as part of an overarching Governance Review revised the Terms of Reference for the Remuneration Committee.

The overall purpose of the Remuneration Committee is to offer guidance, support and recommendations to the Board in relation to matters of remuneration, appointments and nominations.

The primary responsibilities of the Remuneration Committee are to –

- effectively scrutinise, challenge and ensure continuous improvement; and
- provide advice and support to the Board and Accounting Officer; in respect of the following :
  - Salaries/Conditions of Service for Principal Officers and Directors;
  - Pay increases at all levels and securing of appropriate approvals;
  - Outcomes of Job Evaluations;
  - Scrutiny of Pay Remits;
  - Senior Management Succession Planning; and
  - Contractual arrangements, including termination payments.

As at 31 March 2021, the membership of the Remuneration Committee was as follows -

- Ms Carmel McKinney - Chairperson;
- Ms Bonnie Anley;
- Cllr Jonathan Craig;
- Mr Kenneth Henning; and
- Ms Lindsey Smith.

The Committee met on the following occasions during the year ended 31 March 2021 -

- 23 November 2020; and
- 26 February 2021.

The governance arrangements for the 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 ELT which as at 31 March 2021 consisted of an Interim Chief Fire & Rescue Officer, 3 Assistant Chief Fire & Rescue Officers and 2 Support Directors. During 2020-21 new Terms of Reference were developed and agreed for ELT.

### **Remuneration and Pension Interests for the year ended 31 March 2021**

Details of the Chairperson's, non-executive Members' and ELT's remuneration and pension interests for the year ended 31 March 2021 are set out on pages 66-72.

## **2.2 Remuneration and Staff Report (continued)**

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

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. DoH advises NIFRS of the current remuneration of NIFRS Non-Executive Members.

## 2.2 Remuneration and Staff Report (continued)

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

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

|                                 | 2020-21            |   |  |                | 2019-20         |   |  |                |
|---------------------------------|--------------------|---|--|----------------|-----------------|---|--|----------------|
| NAME                            | Salary<br>£'000    | <sup>1</sup> Benefits in<br>Kind (to nearest<br>£100) | <sup>4</sup> Pension<br>Benefits (to<br>nearest £1000) | Total<br>£'000 | Salary<br>£'000 | <sup>1</sup> Benefits in<br>Kind (to nearest<br>£100) | <sup>4</sup> Pension<br>Benefits (to<br>nearest £1000) | Total<br>£'000 |
| <b>Non-Executive Members</b>    |                    |   |  |                |                 |   |  |                |
| <b>C McKinney</b> - Chairperson | 20-25<br>FYE 25-30 | -   | -  | 25-30          | 25-30           | 100   | -  | 25-30          |
| <b>B Anley</b>                  | 5-10               | -   | -  | 5-10           | -               | -   | -  | -              |
| <b>J Craig</b>                  | 5-10               | -   | -  | 5-10           | -               | -   | -  | -              |
| <b>C Enright</b>                | 5-10               | 100   | -  | 5-10           | 5-10            | 400   | -  | 5-10           |
| <b>R Irvine</b>                 | 5-10               | -   | -  | 5-10           | 5-10            | 1,100   | -  | 5-10           |
| <b>K Henning</b>                | 5-10               | 100   | -  | 5-10           | 5-10            | 500   | -  | 5-10           |
| <b>P Martin</b> (left 01/05/20) | 0-5<br>FYE 5-10    | -   | -  | 0-5            | 5-10            | -   | -  | 5-10           |
| <b>T O'Hanlon</b>               | 5-10               | -   | -  | 5-10           | -               | -   | -  | -              |
| <b>J Quinn</b>                  | -                  | -   | -  | -              | -               | -   | -  | -              |
| <b>H Singleton</b>              | 5-10               | -   | -  | 5-10           | -               | -   | -  | -              |
| <b>L Smith</b>                  | 5-10               | -   | -  | 5-10           | -               | -   | -  | -              |
| <b>G Smyth</b>                  | 5-10               | 100   | -  | 5-10           | 5-10            | 800   | -  | 5-10           |

## 2.2 Remuneration and Staff Report (continued)

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

|  | 2020-21                 |   |  |                | 2019-20                   |   |  |                |
|--|-------------------------|---|--|----------------|---------------------------|---|--|----------------|
| NAME   | Salary<br>£'000         | <sup>1</sup> Benefits in<br>Kind (to nearest<br>£100) | <sup>4</sup> Pension<br>Benefits (to<br>nearest £1000) | Total<br>£'000 | Salary<br>£'000           | <sup>1</sup> Benefits in<br>Kind (to nearest<br>£100) | <sup>4</sup> Pension<br>Benefits (to<br>nearest £1000) | Total<br>£'000 |
| <b>Executive Members</b>   |                         |   |  |                |                           |   |  |                |
| <sup>5</sup> <b>G Thompson</b><br>Chief Fire & Rescue Officer<br>( to 14/01/20)                          | -                       | -   | -  | -              | 100-105<br>FYE<br>120-125 | -   | (207,000)  | (100-105)      |
| <sup>6</sup> <b>M Graham</b><br>Chief Fire & Rescue Officer  | 130-135                 | -   | 74,000   | 200-205        | 120-125                   | -   | (17,000)   | 105-110        |
| <sup>7</sup> <b>A Walmsley</b><br>Assistant Chief Fire & Rescue<br>Officer ( to 24/04/20)                | 10-15<br>FYE 95-<br>100 | -   | 2,000  | 10-15          | 90-95                     | -   | (63,000)   | 30-35          |
| <sup>8</sup> <b>P Gallagher</b><br>Assistant Chief Fire & Rescue<br>Officer (temporary from<br>24/04/20) | 95-100                  | -   | 26,000   | 120-125        | -                         | -   | -  | -              |
| <sup>9</sup> <b>M Deeney</b><br>Assistant Chief Fire & Rescue<br>Officer (temporary)                     | 95-100                  | -   | 25,000   | 120-125        | 90-95                     | -   | 25,000   | 115-120        |
| <sup>10</sup> <b>A Jennings</b><br>Assistant Chief Fire & Rescue<br>Officer (temporary)                  | 85-90<br>FYE 95-<br>100 | -   | 53,000   | 140-145        | 50-55<br>FYE<br>90-95     | -   | 7,000  | 60-65          |
| <sup>11</sup> <b>L Crawford</b><br>Assistant Chief Fire & Rescue<br>Officer (temporary)                  | -                       | -   | -  | -              | 40-45<br>FYE<br>90-95     | -   | 24,000   | 65-70          |
| <sup>12</sup> <b>P White</b><br>Director of Finance (Interim)  | 70-75                   | -   | 27,000   | 95-100         | 65-70                     | -   | 100,000  | 165-170        |
| <sup>13</sup> <b>E Magee</b><br>Director of Human Resources<br>(Interim) (from 01/05/19 to<br>05/01/21)  | 60-65<br>FYE 80-85      | -   | 53,000   | 115-120        | 65-70<br>FYE<br>75-80     | -   | 78,000   | 145-150        |
| <sup>14</sup> <b>D O'Connor</b><br>Director of Human Resources<br>(Interim) (from 05/01/21)              | 15-20<br>FYE 80-85      | -   | 6,000  | 20-25          | -                         | -   | -  | -              |



## 2.2 Remuneration and Staff Report (continued)

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

|   | 2020-21         |   |  |                | 2019-20              |   |  |                |
|---|-----------------|---|--|----------------|----------------------|---|--|----------------|
| NAME  | Salary<br>£'000 | <sup>1</sup> Benefits in<br>Kind (to nearest<br>£100) | <sup>4</sup> Pension<br>Benefits (to<br>nearest £1000) | Total<br>£'000 | Salary<br>£'000      | <sup>1</sup> Benefits in<br>Kind (to nearest<br>£100) | <sup>4</sup> Pension<br>Benefits (to<br>nearest £1000) | Total<br>£'000 |
| <sup>15</sup> D Moore<br>Director of Human<br>Resources (to 30/04/19) | -               | -   | -  | -              | 5-10<br>FYE<br>80-85 | -   | 5,000  | 10-15          |
| Highest Earner's Total<br>Remuneration (£'000)                        | 130-135         |   |  |                | 120-125              |   |  |                |
| Median Total<br>Remuneration (£)                                      | 31,767          |   |  |                | 31,387               |   |  |                |
| Ratio   | 4.2             |   |  |                | 3.9                  |   |  |                |

## 2.2 Remuneration and Staff Report (continued)

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

|  | 2020-21   |  |                        |                        |                             |
|--|---|--|------------------------|------------------------|-----------------------------|
| NAME   | <sup>2</sup> Accrued pension at age 60/65 as at 31/03/21 and related lump sum £'000 | <sup>3</sup> Real increase in pension at age 60/65 as at 31/03/21 and related lump sum £'000 | CETV at 31/03/21 £'000 | CETV at 31/03/20 £'000 | Real increase in CETV £'000 |
| <b>Executive Members</b>   |   |  |                        |                        |                             |
| <sup>5</sup> <b>G Thompson</b><br>Chief Fire & Rescue Officer (to 14/01/20)                                  | -   | -  | -                      | 1,402                  | -                           |
| <sup>6</sup> <b>M Graham</b><br>Assistant Chief Fire & Rescue Officer – Service Support                      | 62  | 5  | 1,403                  | 1,316                  | 81                          |
| <sup>7</sup> <b>A Walmsley</b><br>Assistant Chief Fire & Rescue Officer – Community Protection (to 24/04/20) | 59  | -  | 1,452                  | 1,451                  | 1                           |
| <sup>8</sup> <b>M Deeney</b><br>Assistant Chief Fire & Rescue Officer – Operations (temporary)               | 41  | 2  | 643                    | 603                    | 37                          |
| <sup>9</sup> <b>A Jennings</b><br>Assistant Chief Fire & Rescue Officer (temporary)                          | 38  | 2  | 592                    | 554                    | 35                          |
| <sup>10</sup> <b>P Gallagher</b><br>Assistant Chief Fire & Rescue Officer (temporary) (from 24/04/20)        | 42  | 3  | 982                    | 914                    | 63                          |
| <sup>11</sup> <b>L Crawford</b><br>Assistant Chief Fire & Rescue Officer (temporary)                         | -   | -  | -                      | 1,120                  | -                           |
| <sup>12</sup> <b>P White</b><br>Director of Finance (interim)  | 20-25   | 0-2.5  | 307                    | 281                    | 12                          |
| <sup>13</sup> <b>E Magee</b><br>Director of Human Resources (interim) (to 05/01/20)                          | 40  | 5  | 294                    | 239                    | 49                          |
| <sup>14</sup> <b>D O'Connor</b><br>Director of Human Resources (Interim) (from 05/01/21)                     | 4   | -  | 48                     | 43                     | 3                           |
| <sup>15</sup> <b>D Moore</b><br>Director of Human Resources (to 30/04/19)                                    | -   | -  | -                      | 311                    | -                           |

#### 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.

## 2.2 Remuneration and Staff Report (continued)

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

- <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 0.5% increase for 2020/21 (1.7% for 2019/20).
- <sup>4</sup> The value of the pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (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> Retired 14 January 2020.
- <sup>6</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 2021 CETV has been calculated as if the member were a pensioner. Appointed as Interim CFRO from 13 March 2019.
- <sup>7</sup> Interim CFRO from 13 December 2018 to 12 March 2019. 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 FPS element of the 2021 CETV has been calculated as if the member were a pensioner. Went into pension payment on 24 April 2020.
- <sup>8</sup> Temporary appointment to Executive Leadership Team from 27 November 2017.
- <sup>9</sup> Temporary appointment to Executive Leadership Team from 2 September 2019.
- <sup>10</sup> Temporary appointment to Executive Leadership Team from 24 April 2020. The comparative 2019-20 CETV and accrued pension are calculated as at the date of joining CMT. 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 2020 and 2021 CETVs have been calculated as if the member were a pensioner.
- <sup>11</sup> Temporary appointment to Executive Leadership Team from 13 March 2019 to 1 September 2019.
- <sup>12</sup> From the 1 June 2018, postholder has been seconded from another Public Sector Body to NIFRS as Finance Director.
- <sup>13</sup> Temporary appointment to Executive Leadership Team as Interim Director of Human Resources from 1 May 2019. Resigned 5 January 2021. The 2019/20 CETV calculation has been re-run due to changes to non-Club transfer factors, provided by the Government's Actuary Department during the 2020/21 year.
- <sup>14</sup> Temporary appointment to Executive Leadership Team as Interim Director of Human Resources from 5 January 2021.
- <sup>15</sup> Left NIFRS on 30 April 2019.

## **2.2 Remuneration and Staff Report (continued)**

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

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 2020-21 was £130,000-£135,000 (2019-20: £120,000-£125,000). This was 4.2 times the median remuneration of the workforce, which was £31,767 (2019-20: £31,387).

In 2020-21, remuneration ranged from the band £10k-15k to £130k-£135k (2019-20: £0k-£5k to £120k-£125k).

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 employee 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 2019-20 and 2020-21 is due to the payment of backdated arrears.

#### **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,

## **2.2 Remuneration and Staff Report (continued)**

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

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 due 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.

## **2.2 Remuneration and Staff Report (continued)**

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

#### Terms and Conditions

The Support Directors are employed under National Joint Council for Local Government Services Terms and Conditions. A three 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 45p per mile.

#### 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. 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 24 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 1/64.8th 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 two or three times pensionable pay depending on the Pension Scheme. Medical retirement is possible in the event of ill-health.

## **2.2 Remuneration and Staff Report (continued)**

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

#### 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.

#### Annual Leave

Uniformed Officers are entitled to 37 days annual leave, 8 days public holiday plus an additional 3 days for long service (> 5yrs).

#### Sickness

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

Signed: Michael Graham  
Accounting Officer

Date: 9 July 2021

## 2.2 Remuneration and Staff Report (continued)

### 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 2020-21.

|  | Number of Employee |
|--|--------------------|
| Off-Payroll Employees as at 1 April 2020                       | 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 Employees as at 31 March 2021                      | 0                  |

#### Employee Numbers and Related Costs (Audited Information)

| Employee Costs  | 2021  |                |                | 2020           |
|---|---|----------------|----------------|----------------|
|   | Permanently<br>employed<br>employees<br>£'000 | Other<br>£'000 | Total<br>£'000 | Total<br>£'000 |
| Wages and Salaries  | 48,038  | 1,425          | 49,463         | 47,880         |
| Social Security Costs   | 4,637   | -              | 4,637          | 4,414          |
| Other Pension Costs   | 13,896  | -              | 13,896         | 14,673         |
|   |   |                |                |                |
| Total Employee Costs reported in Statement of Comprehensive Net Expenditure                 | 66,571  | 1,425          | 67,996         | 66,967         |
| Less recoveries in respect of outward secondments   | 53  | 0              | 53             | 50             |
| Net Employee Costs  | 66,518  | 1,425          | 67,943         | 66,197         |
|   |   |                |                |                |
| Employee costs exclude £81,864 charged to capital projects during the year (2020: £102,375) |   |                |                |                |



## 2.2 Remuneration and Staff Report (continued)

### Staff Report (continued)

#### Number of Persons Employed (Audited Information)

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

|   | 2021                                       |             |              | 2020         |
|---|--|-------------|--------------|--------------|
|   | Permanently<br>employed<br>employees<br>No | Other<br>No | Total<br>No  | Total<br>No  |
| Chairperson   | 1  |             | 1            | 1            |
| Board Members   | 10   |             | 10           | 5            |
| Firefighters (Full-time)  | 807  |             | 807          | 822          |
| Firefighters (Part-time)  | 881  |             | 881          | 907          |
| RCC Personnel   | 61   |             | 61           | 56           |
| Administrative/Manual   | 195  |             | 195          | 183          |
| Agency/Temporary  | -  | 43          | 43           | 41           |
| Total average number of persons employed                            | <b>1,955</b>                               | <b>43</b>   | <b>1,998</b> | <b>2,015</b> |
| Less average employee number relating to capitalised employee costs | (1)  |             | (1)          | (2)          |
| Total net average number of persons employed                        | <b>1,954</b>                               | <b>43</b>   | <b>1,997</b> | <b>2,013</b> |

#### Senior Employees' Remuneration

Please refer to the Remuneration Report on page 65-75 of the Annual Report.

#### Employee Benefits

|                   | 2021<br>£'000 | 2020<br>£'000 |
|-------------------|---------------|---------------|
| Employee Benefits | -             | -             |
|                   | -             | -             |

#### Retirements due to Ill-Health

During 2020-21, there were 28 early retirements (2019-20: 28) from NIFRS agreed on the grounds of ill-health. The Pension liabilities in respect of the 2 and 4 times pensionable pay relating to 15 ill-health retirees, was £898,720 (2019-20: £1,221,329). The costs borne by NIFRS Operating Accounts in 2020-21 in respect of these 15 ill-health retirees was £317,141 (2019-20: £671,407). Ill-health retirement costs are met by the Pension Scheme.

#### Staff Turnover Percentage

Staff turnover in 2020/21 was 7.40% (2019-20: 7.76%).

## 2.2 Remuneration and Staff Report (continued)

### Staff Report (continued)

#### NIFRS Employee Composition

As at 31 March 2021, NIFRS directly employed 1,990 people in operational and support roles.

|                                   | <b>Total</b> | <b>Male</b>  | <b>Female</b> |
|-----------------------------------|--------------|--------------|---------------|
| Operational & Support Directors   | 6            | 4            | 2             |
| Wholetime Firefighters            | 818          | 780          | 38            |
| On-Call Firefighters              | 901          | 853          | 48            |
| Regional Control Centre Personnel | 59           | 22           | 37            |
| Support Employees                 | 206          | 87           | 119           |
| <b>Total</b>                      | <b>1,990</b> | <b>1,746</b> | <b>244</b>    |

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

#### Expenditure on Consultancy

NIFRS incurred no external consultancy expenditure in 2020-21(2019-20 – nil).

#### 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 |       |
|---------------------------------------|-----------------------------------|-------|-----------------------------------|-------|--|-------|
|                                       | 2021                              | 2020  | 2021                              | 2020  | 2021                                       | 2020  |
| < £10,000                             | -                                 | -     | -                                 | -     | -  | -     |
| £10,000 - £25,000                     | -                                 | -     | -                                 | -     | -  | -     |
| £25,001 - £50,000                     | -                                 | -     | -                                 | -     | -  | -     |
| £50,001 - £100,000                    | -                                 | -     | -                                 | -     | -  | -     |
| £100,001 - £200,000                   | -                                 | -     | -                                 | -     | -  | -     |
|                                       |                                   |       |                                   |       |  |       |
| Total number of exit packages by type | -                                 | -     | -                                 | -     | -  | -     |
|                                       | £'000                             | £'000 | £'000                             | £'000 | £'000                                      | £'000 |
| Total Resource Cost                   | -                                 | -     | -                                 | -     | -  | -     |

#### Voluntary Severance

Voluntary Severance is paid in accordance with the provisions of the Local Government Pension Scheme Regulations (NI) 2002 as amended and 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).

## **2.2 Remuneration and Staff Report (continued)**

### **Staff Report (continued)**

#### **Attendance Management**

In 2020-21 the number of days/shifts lost per person was 9.4 against a target of 15.8. The figure in 2019-20 was 16.6 days/shifts lost. The 3 main reasons for sickness absence were:

##### Long-Term

- Mental Health (42.8%)
- Musculoskeletal (31.1%)
- Gastro (4.0%)

##### Short-Term

- Musculoskeletal (44.3%)
- Mental Health (13.1%)
- Gastro (9.5%)

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 Employees 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

## **2.2 Remuneration and Staff Report (continued)**

### **Staff Report (continued)**

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 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 Employee Policies**

NIFRS has a number of employee 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 employee policies are reviewed on a regular basis and are subject to required consultation.

## **2.3 Accountability and Audit Report**

### **Funding**

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

### **Regularity of Expenditure**

Internal Audit conduct a number of financial audits on an annual basis to ensure the achievement of continued probity and regularity of NIFRS' expenditure.

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

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.

### **Contingent Liabilities (Audited Information)**

Contingent liabilities are detailed within Note 21 of the Accounts. At the end of 2020-21 there was no contingent liability related to EU Exit.

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

There was no remote contingent liability during 2020-21.

### **Financial Environment**

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.

### **Long Term Expenditure (Audited Information)**

Long-Term Expenditure information is detailed on Page 33.

### **Financial Targets**

In terms of financial targets, as illustrated in Note 24 to the Accounts, NIFRS has achieved the financial breakeven target for 2020-21. This was achieved through the establishment of a Breakeven Plan during the 2020-21 year and careful monitoring thereafter to deliver within the allocated budget.

### **Investment Strategy and Plans**

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 number of 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 Phase II of the LDC at Cookstown.

## **2.3 Accountability and Audit Report**

### **Charitable Donations**

NIFRS was notified in February 2021 of a cash gift £7,500 bequeathed in a will. The funds received were unrestricted and no conditions were attached as to how the money should be spent.

Following consideration by the ELT it was decided to make a charitable donation of £7,500 to the Firefighters Charity, an organisation which helps NIFRS to meet its objectives. The gift was received on 28 April 2021 and the donation is expected be made in May 2021.

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

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.

#### Other Payments

There were no other payments made during the year.

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

The total value of losses and special payments for the 2020-21 year and the 2019-20 year did not exceed £250k.

Signed: Michael Graham  
Accounting Officer

Date: 9 July 2021

# **NORTHERN IRELAND FIRE & RESCUE SERVICE FINANCIAL ACCOUNTS 2020-21**

## **THE CERTIFICATE AND REPORT 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 2021 under the Fire and Rescue Services (Northern Ireland) Order 2006. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

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 2021 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.

### **Emphasis of Matter**

I draw attention to Note 1.3 of the financial statements, which describes the material valuation uncertainties for Land and Buildings due to the consequences of the COVID-19 pandemic. My opinion is not modified in respect of the matter.

### **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 for opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 Northern Ireland Fire and Rescue Service in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, 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.

### **Conclusions relating to Going Concern**

In auditing the financial statements, I have concluded that Northern Ireland Fire and Rescue Service's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)**

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Northern Ireland Fire and Rescue Service's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Northern Ireland Fire and Rescue Service is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

### **Other Information**

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

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with 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.

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

In the light of the knowledge and understanding of the Northern Ireland Fire and Rescue Service and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. 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 to be audited are not in agreement with the accounting records; or



## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)**

- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; 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.

### **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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Northern Ireland Fire and Rescue Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Northern Ireland Fire and Rescue Service will not continue to be provided in the future.

### **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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Fire and Rescue Service through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included governing legislation and any other relevant laws and regulations identified;
- making enquires of management and those charged with governance on Northern Ireland Fire and Rescue Service's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Northern Ireland Fire and Rescue Service's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: management override of controls;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)

- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

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 the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Report

A report on the valuation of land and buildings is not considered necessary as the circumstances are beyond the control of management.

Kieran J Donnelly

KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
1 Bradford Court  
Galwally  
BELFAST  
BT8 6RB  
11 August 2021

## SECTION 3 – FINANCIAL STATEMENTS

### 3.1 OPERATING ACCOUNTS

#### STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2021

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    | 2021<br>Operating<br>£'000 | 2020<br>Operating<br>£'000 |
|---|---------|----------------------------|----------------------------|
| <b>Income</b>   |         |                            |                            |
| Revenue from contracts with customers                                   | 4.1     | 105                        | 154                        |
| Other operating income  | 4.2     | 466                        | 397                        |
| <b>Total Operating Income</b>   |         | <b>571</b>                 | <b>551</b>                 |
| <b>Expenditure</b>  |         |                            |                            |
| Staff costs   | 3       | (67,996)                   | (66,967)                   |
| Purchase of goods and services  | 3       | (2,120)                    | (1,977)                    |
| Depreciation, amortisation and impairment charges                       | 3       | (8,022)                    | (7,944)                    |
| Provision expense   | 3       | (15,383)                   | (19,534)                   |
| Other operating expenditure   | 3       | (14,795)                   | (14,115)                   |
| Interest on Scheme liabilities  | 16      | (500)                      | (380)                      |
| <b>Total Operating Expenditure</b>                                      |         | <b>(108,816)</b>           | <b>(110,917)</b>           |
| <b>Net Operating Expenditure</b>  |         | <b>(108,245)</b>           | <b>(110,366)</b>           |
| Corporation tax   | 25      | (3)                        | (3)                        |
| <b>Net Expenditure for the Year</b>                                     |         | <b>(108,248)</b>           | <b>(110,369)</b>           |
| <b>Revenue Resource Limit (RRL)</b>                                     | 24.1    | 108,237                    | 110,491                    |
| <b>(Deficit)/Surplus against RRL</b>                                    | 24.3    | <b>(11)</b>                | <b>122</b>                 |
| <b>Other Comprehensive Net Expenditure</b>                              |         |                            |                            |
| <b>Items that will not be classified to Net Operating Expenditure</b>   |         |                            |                            |
| Net gain on revaluation of property, plant and equipment                | 5.1/6.1 | 147                        | 2,886                      |
| Actuarial loss on pension scheme liabilities                            | 16      | (5,405)                    | (3,341)                    |
| <b>Total Comprehensive Expenditure for the year ended 31 March 2021</b> |         | <b>(113,506)</b>           | <b>(110,824)</b>           |

The Notes on pages 91-132 form part of these Accounts.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

This Statement presents the financial position of Northern Ireland Fire & Rescue Service (NIFRS). It comprises 3 main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

|  | Note    | 2021<br>Operating<br>£'000 | 2020<br>Operating<br>£'000 |
|--|---------|----------------------------|----------------------------|
| <b>Non Current Assets</b>                    |         |                            |                            |
| Property, plant and equipment                | 5.1/5.2 | 114,599                    | 114,380                    |
| Intangible assets                            | 6.1/6.2 | 4,772                      | 4,565                      |
| <b>Total Non Current Assets</b>              |         | <b>119,371</b>             | <b>118,945</b>             |
| <b>Current Assets</b>                        |         |                            |                            |
| Inventories                                  | 10      | 1,523                      | 1,254                      |
| Trade and other receivables                  | 12      | 1,200                      | 510                        |
| Other current assets                         | 12      | 903                        | 1,369                      |
| <b>Total Current Assets</b>                  |         | <b>3,626</b>               | <b>3,133</b>               |
| <b>Total Assets</b>                          |         | <b>122,997</b>             | <b>122,078</b>             |
| <b>Current Liabilities</b>                   |         |                            |                            |
| Trade and other payables                     | 13      | (13,425)                   | (13,142)                   |
| Cash and cash equivalents                    | 11      | (655)                      | (150)                      |
| Provisions (Insurance)                       | 15      | (2,624)                    | (2,249)                    |
| Provisions (Compensation Scheme)             | 15      | (3,150)                    | (3,160)                    |
| Provisions (Other)                           | 15      | (2,228)                    | (800)                      |
| <b>Total Current Liabilities</b>             |         | <b>(22,082)</b>            | <b>(19,501)</b>            |
| <b>Total Assets less Current Liabilities</b> |         | <b>100,915</b>             | <b>102,577</b>             |
| <b>Non Current Liabilities</b>               |         |                            |                            |
| Provisions (Compensation Scheme)             | 15      | (109,860)                  | (99,852)                   |
| Pension liabilities – NILGOSC                | 16      | (29,903)                   | (22,462)                   |
| <b>Total Non Current Liabilities</b>         |         | <b>(139,763)</b>           | <b>(122,314)</b>           |
| <b>Total Assets less Total Liabilities</b>   |         | <b>(38,848)</b>            | <b>(19,738)</b>            |
| <b>Taxpayers' Equity and Other Reserves</b>  |         |                            |                            |
| Revaluation reserve                          |         | 17,600                     | 17,453                     |
| SoCNE reserve                                |         | (56,448)                   | (37,191)                   |
|  |         | <b>(38,848)</b>            | <b>(19,738)</b>            |

The Accounts on pages 87-132 were approved by the Board on 9 July 2021 and were signed on its behalf by:

Signed: Carmel McKinney

Chairperson

Date: 9 July 2021

Signed: Michael Graham

Accounting Officer

Date: 9 July 2021

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

The Statement of Cash Flows shows the changes in cash and cash equivalents of NIFRS during the year. 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    | 2021<br>Operating<br>£'000 | 2020<br>Operating<br>£'000 |
|---|---------|----------------------------|----------------------------|
| <b>Cashflows from Operating Activities</b>                                |         |                            |                            |
| Net operating expenditure   |         | (108,248)                  | (110,369)                  |
| Adjustments for non cash items  | 3       | 7,978                      | 8,236                      |
| Increase in trade and other receivables                                   | 12      | (224)                      | (680)                      |
| Increase in inventories   | 10      | (269)                      | (248)                      |
| Increase/(decrease) in trade and other payables                           | 13      | 283                        | (1,774)                    |
| Use of provisions:  |         |                            |                            |
| Increase in pension provision (NILGOSC)                                   | 16      | 7,441                      | 5,895                      |
| Increase in provision (insurance)   | 15      | 375                        | 457                        |
| Provision utilised (compensation)   | 15      | 9,998                      | 14,802                     |
| Provision utilised (other)  | 15      | 1,428                      | 800                        |
| Pension remeasurements  | 16      | (5,405)                    | (3,341)                    |
| <b>Net cash outflow from Operating Activities</b>                         |         | <b>(86,643)</b>            | <b>(86,222)</b>            |
| <b>Cash Flows from Investing Activities</b>                               |         |                            |                            |
| Purchase of property, plant & equipment                                   | 5.1/5.2 | (7,408)                    | (5,966)                    |
| Purchase of intangible assets   | 6.1/6.2 | (925)                      | (1,971)                    |
| Proceeds on disposal of assets  |         | 75                         | 280                        |
| <b>Net cash outflow from Investing Activities</b>                         |         | <b>(8,258)</b>             | <b>(7,657)</b>             |
| <b>Cash Flows from Financing Activities</b>                               |         |                            |                            |
| Grant-in-aid  |         | 94,396                     | 94,198                     |
| <b>Net Financing</b>  |         | <b>94,396</b>              | <b>94,198</b>              |
| <b>Net (decrease)/increase in Cash &amp; Cash Equivalents in the year</b> | 11      | <b>(505)</b>               | <b>319</b>                 |
| <b>Cash &amp; Cash Equivalents at the beginning of the year</b>           | 11      | <b>(150)</b>               | <b>(469)</b>               |
| <b>Cash &amp; Cash Equivalents at the end of the year</b>                 | 11      | <b>(655)</b>               | <b>(150)</b>               |

The Notes on pages 91-132 form part of these Accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2021

This Statement shows the movement in the year on the different reserves held by NIFRS, analysed into 'SoCNE Reserve', (ie, the reserve that reflects a contribution from the Department of Health (DoH) and 'Revaluation Reserve'). 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 | SoCNE<br>Reserve<br>£'000 | Revaluation<br>Reserve<br>£'000 | Total<br>£'000  |
|--|------|---------------------------|---------------------------------|-----------------|
| <b>Balance at 1 April 2019</b>                         |      | <b>(18,384)</b>           | <b>15,271</b>                   | <b>(3,113)</b>  |
| <b>Changes in Taxpayers' Equity 2019-20</b>            |      |                           |                                 |                 |
| Grant from DoH   |      | 94,198                    | -                               | 94,198          |
| Other reserve movements including transfers            |      | 705                       | (705)                           | -               |
| Comprehensive net expenditure for the year – Operating |      | (110,369)                 | 2,886                           | (107,483)       |
| Actuarial Loss on NILGOSC Pension                      | 16   | (3,341)                   | -                               | (3,341)         |
| <b>Balance at 31 March 2020</b>                        |      | <b>(37,191)</b>           | <b>17,453</b>                   | <b>(19,738)</b> |
| <b>Changes in Taxpayers' Equity 2020-21</b>            |      |                           |                                 |                 |
| Grant from DoH   |      | 94,396                    | -                               | 94,396          |
| Other reserve movements including transfers            |      | -                         | -                               | -               |
| Comprehensive net expenditure for the year - Operating |      | (108,248)                 | 147                             | (108,101)       |
| Actuarial Loss on NILGOSC Pension                      | 16   | (5,405)                   | -                               | (5,405)         |
| <b>Balance at 31 March 2021</b>                        |      | <b>(56,448)</b>           | <b>17,600</b>                   | <b>(38,848)</b> |

The Notes on pages 91-132 form part of these Accounts.

# NOTES TO THE ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2021

## NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

### 1.0 Authority

These financial statements have been prepared in a form determined by the Department of Health (DoH) based on guidance from the Department of Finance's (DoF) 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 the FReM apply International Financial Reporting Standards (IFRS) adapted or interpreted for NIFRS. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NIFRS for the purpose of giving a true and fair view has been selected. The particular policies adopted by NIFRS are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

As illustrated in our Statement of Financial Position, NIFRS operates with a net liability position due to its share of the NILGOSC pension scheme deficit. As there is no requirement to fund this deficit in the near future and also as it is anticipated that DoH funding will continue 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 DoH. However, as with other financial years NIFRS remains committed to achieving financial break-even.

### **Budget Position and Authority**

The Assembly passed the Budget Act (Northern Ireland) 2021 in March 2021 which authorised the cash and use of resources for all departments and their Arms' Length Bodies for the 2020-21 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2021 also authorised a Vote on Account to authorise departments and their Arms' Length Bodies' access to cash and use of resources for the early months of the 2021-22 financial year. This will be followed by the 2021-22 Main Estimates and the associated Budget (No. 2) Bill before the summer recess which will authorise the cash and resource balance to complete for the remainder of 2021-22 based on the Executive's 2021-22 Final Budget.

### 1.1 Accounting Convention

These Accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and liabilities.

### 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 Institution of Chartered Surveyors Global Standards & UK National Supplement in so far as they are consistent with the specific needs of NIFRS.

The last valuation was carried out at 31 January 2018 by Land and Property Services (LPS) which is an independent executive body within the DoF. 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; and
- 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.

As a result of the recent and ongoing Covid-19 pandemic events there is an increased level of uncertainty in terms of informing opinions of value. Whilst at this stage there is no evidence of impairment as at year-end, the future impact of Covid-19 on land and building values cannot yet be accurately assessed therefore the need for further future valuations will remain under consideration, subject to resources.

### **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. 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 under Construction 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 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 on a straight-line basis to write off the costs or valuation of property, plant and equipment and similarly, amortisation is applied on a straight-line basis to intangible non-current assets, less any residual value, over 3 to 5 years, 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 the lower of 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:

| <b>Asset Type</b>        | <b>Asset Life (Years)</b> |
|--------------------------|---------------------------|
| Freehold Buildings       | 25-60                     |
| Furniture & Fittings     | 5-20                      |
| Plant & Machinery        | 5-20                      |
| IT Assets                | 3-7                       |
| Cars & Vans              | 5                         |
| Water Tenders            | 12                        |
| Serial/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 includes any of the following held - 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 non-current asset. 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; 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 fair value.

### **Measurement**

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**

Non-current 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 through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one 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 profit from sale of land which is a non-depreciating asset is recognised within income. The profit from sale of a depreciating asset is shown as a reduced expense. The loss from sale of land or from any depreciating assets is shown within operating expenses. 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 and are included exclusive of VAT. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

## **1.10 Income**

Income is classified between 'Revenue from Contracts with Customers' and 'Other Operating Income' as assessed necessary in line with organisational activity, under the requirements of IFRS 15 and as applicable to the public sector. Judgement is exercised in order to determine whether the five essential criteria within the scope of IFRS 15 are met in order to define income as a contract.

Income relates directly to the operating activities of NIFRS and is recognised on an accruals basis when, and to the extent that a performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Where the criteria to determine whether a contract is in existence is not met, income is classified as Other Operating Income within the Statement of Comprehensive Net Expenditure and is recognised when the right to receive payment is established.

Income is stated net of VAT.

As per IFRS 15 the Income Note is split as follows:

### **Note 4.1: Revenue from Contracts with Customers**

Categories of Income:

- i. Provision of Fire Cover – Other bodies
- ii. Fire Reports & Certificates
- iii. Sundry Income from Fees and Charges

### **Note 4.2: Other Operating Income**

Other Operating Income represents NIFRS income which does not fall within the classification of a contract with a customer.

Categories of Income:

- i. Training Course
- ii. Trade Union Deduction Service
- iii. Association of British Insurers
- iv. Insurance Claims
- v. Secondments

- vi. Rents
- vii. Miscellaneous

### **Grant-in-Aid**

Funding received from other entities, including DoH, are accounted for as grant-in-aid and are reflected through the Statement of Comprehensive Net Expenditure Reserve.

#### **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. Leased land may be either an operating lease or a finance lease depending on the conditions in the lease agreement and following the general guidance laid out in IAS17. Leased buildings are assessed as to whether they are operating or finance leases.

### **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**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NIFRS has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

### **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. IFRS 9 requires consideration of the expected credit loss model on financial assets. The measurement of the loss allowance depends upon the DoH body's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument, where judged necessary.

Financial assets are classified into the following categories:

- financial assets at fair value through Statement of Comprehensive Net Expenditure;
- held to maturity investments;
- available for sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

## **1.16 Financial Instruments (Continued)**

### **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 limited 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. There is therefore 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 as at 31 March 2021, using the discount rates issued by the Department of Finance (DoF) below.

| Rate         | Time Period                   | Real Rate |
|--------------|-------------------------------|-----------|
| Nominal      | Short term<br>(0-5 years)     | (0.02)%   |
|              | Medium term<br>(5-10 years)   | 0.18%     |
|              | Long term<br>(10-40 years)    | 1.99%     |
|              | Very long term<br>(40+ years) | 1.99%     |
| Inflationary | Year 1                        | 1.20%     |
|              | Year 2                        | 1.60%     |
|              | Into perpetuity               | 2.00%     |

Note that PES issued a combined nominal and inflation rate table to incorporate the 2 elements – please refer to this table as necessary, as included within issuing e-mail of circular HSC(F) 40-2020.

The discount rate to be applied for employee early departure obligations is (0.95%) for 2020/21.

NIFRS has also disclosed the carrying amount at the beginning and end of the year, 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, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the 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.

## **Discount rate**

A discount rate is applied by courts to a lump-sum award of damages for future financial loss in a personal injury case, to take account of the return that can be earned from investment. Currently the rate in Northern Ireland has to be set in accordance with principles set out by the House of Lords in *Wells v Wells*. The Department of Justice made a statutory rule on 29 April 2021 changing the rate, under the *Wells v Wells* framework, (from 2.5%) to -1.75%, with effect from 31 May 2021. The Department has also brought forward a Bill to change how the rate is set. The Damages (Return on Investment) Bill was introduced to the Assembly on 1 March 2021 and is currently at Committee Stage. Subject to the legislative process, it is anticipated that the Bill will be enacted early next year and the rate would then be reviewed under the new framework.

## **1.18 Contingent Liabilities/Assets**

In addition to contingent liabilities disclosed in accordance with IAS 37, NIFRS discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amounts reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed under IAS 37 are stated at the amounts reported to the Assembly.



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.

## **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 Support staff the carryover of annual leave has been accrued based on actual calculations. For 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 2021 or at 31 March 2020. Untaken flexi leave is estimated to be immaterial and has therefore not been provided for in these Accounts.

### **Retirement Benefit Costs**

#### ***Compensation Scheme***

NIFRS 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 re-measurements 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) Re-measurements 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 NILGOSC Scheme for the majority of its Support and Regional Control Centre staff.

The Local Government Pension Scheme 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 2019 and the revised bands and prior year bands are set out in the table below:

| FYE Pay 2020/21    | Contribution Rate 2020/21 | FYE Pay 2021/22    | Contribution Rate 2021/22 |               |
|--------------------|---------------------------|--------------------|---------------------------|---------------|
|                    |                           |                    | Main Section              | 50/50 Section |
| Up to £14,800      | 5.5%                      | Up to £15,000      | 5.5%                      | 2.75%         |
| £14,801 to £22,600 | 5.8%                      | £15,001 to £23,000 | 5.8%                      | 2.9%          |
| £22,601 to £37,700 | 6.5%                      | £23,001 to £38,400 | 6.5%                      | 3.25%         |
| £37,701 to £45,700 | 6.8%                      | £38,401 to £46,600 | 6.8%                      | 3.4%          |
| £45,701 to £90,400 | 8.5%                      | £46,601 to £92,300 | 8.5%                      | 4.25%         |
| More than £90,400  | 10.5%                     | More than £92,300  | 10.5%                     | 5.25%         |

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

| SCHEME  | ERS RATE 2020/2021 | ERS RATE 2021/2022 |
|---------|--------------------|--------------------|
| NILGOSC | 19.5%              | 19.5%              |

From 1 April 2017, NIFRS is also now required to pay an annual deficit funding contribution in addition to the pensionable pay contribution rates set out above. No deficit was payable for 2020/21. (2019-20 : £120k).

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 2019.

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). Re-measurements 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 (VAT)**

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 NIFRS 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 DoH and a cash based grant system is in operation. Under this system, amounts can be drawn down to finance payments made 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 and Key Judgements**

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**

The International Accounting Standards Board has issued the following new standards but which are either not yet effective or adopted. Under IAS 8 there is a requirement to disclose these standards together with an assessment of their initial impact on application.

The IASB has issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on Office of National Statistics (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 2022-23, 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.

IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022.

NIFRS holds one significant lease for land with an expected lease liability and asset value of £12.6m. The liability has been calculated using 51 annual payments of £382k until 2072 and applying a Departmental discount rate of 1.81%. The remainder of NIFRS operating leases can be seen in note 18.1.

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2023.

## **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.

## **NOTE 2 - ANALYSIS OF NET EXPENDITURE BY SEGMENT**

Within NIFRS the Board represents the Chief Operating Decision Maker function and holds regular 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

|  | 2021<br>£'000  | 2020<br>£'000  |
|--|----------------|----------------|
| *Staff costs:  |                |                |
| Wages and salaries   | 49,463         | 47,880         |
| Social security costs  | 4,637          | 4,414          |
| Other pension costs  | 13,896         | 14,673         |
| Communications equipment   | 1,518          | 1,559          |
| Office equipment & running costs   | 589            | 504            |
| Medical expenses, subsistence & other                                    | 466            | 526            |
| Transport  | 802            | 1,058          |
| Operational equipment & maintenance costs                                | 1,895          | 1,171          |
| Premises   | 5,829          | 5,037          |
| Uniforms   | 593            | 395            |
| Contract catering, kitchen equipment & maintenance                       | 9              | 23             |
| Rentals under operating leases   | 325            | 400            |
| Training   | 1,015          | 801            |
| Fire safety publicity  | 87             | 22             |
| Auditor remuneration   | 56             | 14             |
| Miscellaneous expenditure  | 2,239          | 2,116          |
| <b>Non Cash Items</b>  |                |                |
| (Profit)/Loss on disposal of assets                                      | (44)           | 292            |
| Depreciation   | 6,977          | 6,734          |
| Amortisation   | 1,045          | 252            |
| Impairments  | -              | 958            |
| Interest on Scheme Liabilities   | 500            | 380            |
| Pension costs (NILGOSC)  | 1,536          | 2,174          |
| Increase in provisions (provision provided for in year less any release) | 13,584         | 17,004         |
| Cost of borrowing of provisions (unwinding of discount on provisions)    | 1,799          | 2,530          |
| <b>Total</b>   | <b>108,816</b> | <b>110,917</b> |

\*Further detailed analysis of staff costs is included in the Staff Report on page 76 within the Accountability Report.

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

During the year NIFRS incurred no R&D expenditure.

## NOTE 4 - INCOME

### 4.1 Revenue from Contracts with Customers

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Provision of fire cover - other bodies | 92            | 117           |
| Fire reports/certificates              | 13            | 17            |
| Sundry income from fees and charges*   | -             | 20            |
| <b>Total</b>                           | <b>105</b>    | <b>154</b>    |

### 4.2 Other Operating Income

|                                 | 2021<br>£'000 | 2020<br>£'000 |
|---------------------------------|---------------|---------------|
| Training courses**              | -             | 6             |
| Association of British Insurers | 256           | 191           |
| Trade Union Deduction Service   | 21            | 20            |
| Insurance Claims                | 5             | 46            |
| Other income***                 | 184           | 134           |
| <b>Total</b>                    | <b>466</b>    | <b>397</b>    |

\*Sundry income from fees and charges in the year ended 2020 related to a payment of £20k relating to Fire Cover for the 148th Golf Open.

\*\*Training courses in the year ended 2020 related to a payment of £6k relating to the Princes Trust Life Programme.

\*\*\*Other Income includes a £50k receipt in relation to the secondment of an employee (2020: £50k), rental income of £52k (2020: nil), and a £30k receipt in relation to the disposal of inventories (2020: £50k).

## NOTE 5 – PROPERTY, PLANT & EQUIPMENT

### 5.1 Property, Plant & Equipment – Year ended 31 March 2021

|                          | Land<br>£'000 | Buildings<br>(excluding<br>dwellings)<br>£'000 | Assets<br>under<br>Construction<br>£'000 | Plant and<br>Machinery<br>(Equipment)<br>£'000 | Transport<br>Equipment<br>£'000 | Information<br>Technology<br>(IT)<br>£'000 | Furniture<br>and<br>Fittings<br>£'000 | Total<br>£'000 |
|--------------------------|---------------|--|--|--|---------------------------------|--|---------------------------------------|----------------|
| <b>Cost or Valuation</b> |               |  |  |  |                                 |  |                                       |                |
| At 1 April 2020          | 15,897        | 74,447   | 1,108                                    | 14,888   | 49,878                          | 3,344                                      | 938                                   | 160,500        |
| Indexation               | -             | -  | -  | 42   | -                               | (5)  | 32                                    | 69             |
| Additions                | -             | 181  | 6,080                                    | 61   | 896                             | 178  | 12                                    | 7,408          |
| Transfers                | -             | 469  | (962)                                    | 46   | -                               | 234  | 10                                    | (203)          |
| Disposals                | (16)          | (37)   | -  | -  | (1,499)                         | (262)                                      | (22)                                  | (1,836)        |
| At 31 March 2021         | <b>15,881</b> | <b>75,060</b>                                  | <b>6,226</b>                             | <b>15,037</b>                                  | <b>49,275</b>                   | <b>3,489</b>                               | <b>970</b>                            | <b>165,938</b> |
| <b>Depreciation</b>      |               |  |  |  |                                 |  |                                       |                |
| At 1 April 2020          | -             | 4,986  | -  | 11,191   | 27,163                          | 2,515                                      | 265                                   | 46,120         |
| Indexation               | -             | -  | -  | 33   | -                               | (4)  | 10                                    | 39             |
| Transfers                | -             | -  | -  | -  | -                               | 7  | -                                     | 7              |
| Disposals                | -             | (21)   | -  | -  | (1,499)                         | (262)                                      | (22)                                  | (1,804)        |
| Charged in year          | -             | 2,232  | -  | 810  | 3,458                           | 398  | 79                                    | 6,977          |
| At 31 March 2021         | -             | <b>7,197</b>                                   | -  | <b>12,034</b>                                  | <b>29,122</b>                   | <b>2,654</b>                               | <b>332</b>                            | <b>51,339</b>  |
| <b>Carrying Amount</b>   |               |  |  |  |                                 |  |                                       |                |
| At 31 March 2021         | <b>15,881</b> | <b>67,863</b>                                  | <b>6,226</b>                             | <b>3,003</b>                                   | <b>20,153</b>                   | <b>835</b>                                 | <b>638</b>                            | <b>114,599</b> |
| At 31 March 2020         | <b>15,897</b> | <b>69,461</b>                                  | <b>1,108</b>                             | <b>3,697</b>                                   | <b>22,715</b>                   | <b>829</b>                                 | <b>673</b>                            | <b>114,380</b> |
| <b>Asset financing</b>   |               |  |  |  |                                 |  |                                       |                |
| Owned                    | <b>15,881</b> | <b>67,863</b>                                  | <b>6,226</b>                             | <b>3,003</b>                                   | <b>20,153</b>                   | <b>835</b>                                 | <b>638</b>                            | <b>114,599</b> |
| <b>Carrying Amount</b>   |               |  |  |  |                                 |  |                                       |                |
| At 31 March 2021         | <b>15,881</b> | <b>67,863</b>                                  | <b>6,226</b>                             | <b>3,003</b>                                   | <b>20,153</b>                   | <b>835</b>                                 | <b>638</b>                            | <b>114,599</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 (2020: £NIL).

See accounting policy 1.3 – there is an increased level of uncertainty in terms of informing opinions of value arising from Covid-19.



## 5.2 Property, Plant & Equipment – Year Ended 31 March 2020

|   | Land          | Buildings<br>(excluding<br>dwellings) | Assets<br>under<br>Construction | Plant and<br>Machinery<br>(Equipment) | Transport<br>Equipment | IT           | Furniture<br>and<br>Fittings | Total          |
|---|---------------|---------------------------------------|---------------------------------|---------------------------------------|------------------------|--------------|------------------------------|----------------|
|   | £'000         | £'000                                 | £'000                           | £'000                                 | £'000                  | £'000        | £'000                        | £'000          |
| <b>Cost or Valuation</b>                      |               |                                       |                                 |                                       |                        |              |                              |                |
| At 1 April 2019                               | 15,897        | 66,465                                | 6,336                           | 13,696                                | 49,147                 | 3,222        | 238                          | 155,001        |
| Opening balance adjustments                   | -             | -                                     | -                               | -                                     | -                      | 47           | -                            | 47             |
| Indexation                                    | -             | 2,941                                 | -                               | 225                                   | 648                    | 36           | 1                            | 3,851          |
| Additions                                     | -             | 842                                   | 926                             | 543                                   | 3,069                  | 39           | 547                          | 5,966          |
| Transfers                                     | -             | 5,431                                 | (6,154)                         | 452                                   | 119                    | -            | 152                          | -              |
| Impairment charged to SoCNE                   | -             | (1,244)                               | -                               | -                                     | -                      | -            | -                            | (1,244)        |
| Impairment charged to the revaluation reserve | -             | (229)                                 | -                               | -                                     | -                      | -            | -                            | (229)          |
| Reversal of impairments (indexation)          | -             | 241                                   | -                               | -                                     | -                      | -            | -                            | 241            |
| Disposals                                     | -             | -                                     | -                               | (28)                                  | (3,105)                | -            | -                            | (3,133)        |
| At 31 March 2020                              | <b>15,897</b> | <b>74,447</b>                         | <b>1,108</b>                    | <b>14,888</b>                         | <b>49,878</b>          | <b>3,344</b> | <b>938</b>                   | <b>160,500</b> |
| <b>Depreciation</b>                           |               |                                       |                                 |                                       |                        |              |                              |                |
| At 1 April 2019                               | -             | 2,750                                 | -                               | 10,250                                | 25,898                 | 2,088        | 222                          | 41,208         |
| Opening balance adjustments                   | -             | -                                     | -                               | -                                     | -                      | 47           | -                            | 47             |
| Indexation                                    | -             | 188                                   | -                               | 172                                   | 352                    | 24           | -                            | 736            |
| Impairment charged to SoCNE                   | -             | (45)                                  | -                               | -                                     | -                      | -            | -                            | (45)           |
| Disposals                                     | -             | -                                     | -                               | (28)                                  | (2,532)                | -            | -                            | (2,560)        |
| Provided during the year                      | -             | 2,093                                 | -                               | 797                                   | 3,445                  | 356          | 43                           | 6,734          |
| At 31 March 2020                              | <b>-</b>      | <b>4,986</b>                          | <b>-</b>                        | <b>11,191</b>                         | <b>27,163</b>          | <b>2,515</b> | <b>265</b>                   | <b>46,120</b>  |
| <b>Carrying Amount</b>                        |               |                                       |                                 |                                       |                        |              |                              |                |
| At 31 March 2020                              | <b>15,897</b> | <b>69,461</b>                         | <b>1,108</b>                    | <b>3,697</b>                          | <b>22,715</b>          | <b>829</b>   | <b>673</b>                   | <b>114,380</b> |
| At 31 March 2019                              | <b>15,897</b> | <b>63,715</b>                         | <b>6,336</b>                    | <b>3,446</b>                          | <b>23,249</b>          | <b>1,134</b> | <b>16</b>                    | <b>113,793</b> |
| <b>Asset financing</b>                        |               |                                       |                                 |                                       |                        |              |                              |                |
| Owned   | 15,897        | 69,461                                | 1,108                           | 3,697                                 | 22,715                 | 829          | 673                          | 114,380        |
| <b>Carrying Amount</b>                        |               |                                       |                                 |                                       |                        |              |                              |                |
| At 31 March 2020                              | <b>15,897</b> | <b>69,461</b>                         | <b>1,108</b>                    | <b>3,697</b>                          | <b>22,715</b>          | <b>829</b>   | <b>673</b>                   | <b>114,380</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 (2019: £NIL).

Opening balance adjustments reflect RAM figures caused by reallocation of additions on RAM to a different asset category.

## NOTE 6 – INTANGIBLE ASSETS

### 6.1 Intangible Assets - Year Ended 31 March 2021

|                          | Software<br>Licences<br>£'000 | Information<br>Technology<br>£'000 | Assets under<br>Construction<br>£'000 | Total<br>£'000 |
|--------------------------|-------------------------------|------------------------------------|---------------------------------------|----------------|
| <b>Cost or Valuation</b> |                               |                                    |                                       |                |
| At 1 April 2020          | 2,454                         | 1,889                              | 2,843                                 | 7,186          |
| Additions                | 441                           | 166                                | 318                                   | 925            |
| Transfers                | (14)                          | 1,347                              | (1,006)                               | 327            |
| Disposals                | -                             | (63)                               | -                                     | (63)           |
| At 31 March 2021         | <b>2,881</b>                  | <b>3,339</b>                       | <b>2,155</b>                          | <b>8,375</b>   |
| <b>Amortisation</b>      |                               |                                    |                                       |                |
| At 1 April 2020          | 782                           | 1,839                              | -                                     | 2,621          |
| Disposals                | -                             | (63)                               | -                                     | (63)           |
| Charged in year          | 854                           | 191                                | -                                     | 1,045          |
| At 31 March 2021         | <b>1,636</b>                  | <b>1,967</b>                       | <b>-</b>                              | <b>3,603</b>   |
| <b>Carrying Amount</b>   |                               |                                    |                                       |                |
| At 31 March 2021         | <b>1,245</b>                  | <b>1,372</b>                       | <b>2,155</b>                          | <b>4,772</b>   |
| At 31 March 2020         | <b>1,672</b>                  | <b>50</b>                          | <b>2,843</b>                          | <b>4,565</b>   |
| <b>Asset Financing</b>   |                               |                                    |                                       |                |
| Owned                    | <b>1,245</b>                  | <b>1,372</b>                       | <b>2,155</b>                          | <b>4,772</b>   |
| <b>Carrying Amount</b>   |                               |                                    |                                       |                |
| At 31 March 2021         | <b>1,245</b>                  | <b>1,372</b>                       | <b>2,155</b>                          | <b>4,772</b>   |

Assets under construction are predominantly software systems and when completed will be used throughout the organisation.

During the financial year we have transferred Tangible costs to Intangible WIP (see note 5.1), because they were reallocated to a Software Project under construction. This project was completed later in the year and subsequently transferred to Information Technology.

## 6.2 Intangible Assets – Year Ended 31 March 2020

|                             | Software<br>Licences<br>£'000 | Information<br>Technology<br>£'000 | Assets under<br>Construction<br>£'000 | Total<br>£'000 |
|-----------------------------|-------------------------------|------------------------------------|---------------------------------------|----------------|
| <b>Cost or Valuation</b>    |                               |                                    |                                       |                |
| At 1 April 2019             | 1,066                         | 1,896                              | 2,300                                 | <b>5,262</b>   |
| Opening balance adjustments | -                             | (47)                               | -                                     | <b>(47)</b>    |
| Additions                   | 1,333                         | 40                                 | 598                                   | <b>1,971</b>   |
| Transfers                   | 55                            | -                                  | (55)                                  | <b>-</b>       |
| At 31 March 2020            | <b>2,454</b>                  | <b>1,889</b>                       | <b>2,843</b>                          | <b>7,186</b>   |
| <b>Amortisation</b>         |                               |                                    |                                       |                |
| At 1 April 2019             | 543                           | 1,874                              | -                                     | <b>2,417</b>   |
| Opening balance adjustments | -                             | (47)                               | -                                     | <b>(47)</b>    |
| Provided during the year    | 239                           | 12                                 | -                                     | <b>251</b>     |
| At 31 March 2020            | <b>782</b>                    | <b>1,839</b>                       | <b>-</b>                              | <b>2,621</b>   |
| <b>Carrying Amount</b>      |                               |                                    |                                       |                |
| At 31 March 2020            | <b>1,672</b>                  | <b>50</b>                          | <b>2,843</b>                          | <b>4,565</b>   |
| At 31 March 2019            | <b>523</b>                    | <b>22</b>                          | <b>2,300</b>                          | <b>2,845</b>   |
| <b>Asset Financing</b>      |                               |                                    |                                       |                |
| Owned                       | 1,672                         | 50                                 | 2,843                                 | 4,565          |
| <b>Carrying Amount</b>      |                               |                                    |                                       |                |
| At 31 March 2020            | <b>1,672</b>                  | <b>50</b>                          | <b>2,843</b>                          | <b>4,565</b>   |

Opening balance adjustments reflect RAM figures caused by reallocation of additions on RAM to a different asset category.

Assets under construction are predominantly software systems in use throughout the organisation.

## NOTE 7 - FINANCIAL INSTRUMENTS

As the cash requirements of NIFRS are met through grant-in-aid provided by DoH, 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 2021 or 31 March 2020.

## NOTE 8 - IMPAIRMENTS

|   | 2021                                       |                      |                |
|---|--|----------------------|----------------|
|   | Property,<br>Plant &<br>Equipment<br>£'000 | Intangibles<br>£'000 | Total<br>£'000 |
| Total value of impairments for the year   | -  | -                    | -              |
| Impairments which Revaluation Reserve covers (shown in Other Comprehensive Expenditure) | -  | -                    | -              |
| <b>Impairments charged / (credited) to Statement of Comprehensive Net Expenditure</b>   | <b>-</b>                                   | <b>-</b>             | <b>-</b>       |
|   | 2020                                       |                      |                |
|   | Property,<br>Plant &<br>Equipment<br>£'000 | Intangibles<br>£'000 | Total<br>£'000 |
| Total value of impairments for the year   | 1,187                                      | -                    | 1,187          |
| Impairments which Revaluation Reserve covers (shown in Other Comprehensive Expenditure) | (229)                                      | -                    | (229)          |
| <b>Impairments charged / (credited) to Statement of Comprehensive Net Expenditure</b>   | <b>958</b>                                 | <b>-</b>             | <b>958</b>     |

## NOTE 9 – ASSETS CLASSIFIED AS HELD FOR SALE

At the 2020/21 year end NIFRS had no 'held for sale' assets (2019/20: £nil).

## NOTE 10 - INVENTORIES

|                        | 2021<br>£'000 | 2020<br>£'000 |
|------------------------|---------------|---------------|
| Uniforms               | 672           | 670           |
| Firefighting Equipment | 334           | 240           |
| Stationery             | 35            | 33            |
| Transport              | 366           | 219           |
| Fuel                   | 82            | 67            |
| Other                  | 34            | 25            |
| <b>Total</b>           | <b>1,523</b>  | <b>1,254</b>  |

## NOTE 11 - CASH AND CASH EQUIVALENTS

|   | 2021<br>£'000       | 2020<br>£'000       |
|---|---------------------|---------------------|
| Balance at 1 April                                      | (150)               | (469)               |
| Net change in cash and cash equivalents                 | (505)               | 319                 |
| <b>Balance at 31 March</b>                              | <b><u>(655)</u></b> | <b><u>(150)</u></b> |
| <b>The following balances on 31 March were held at:</b> |                     |                     |
| Commercial banks and cash in hand                       | (655)               | (150)               |
| <b>Balance at 31 March</b>                              | <b><u>(655)</u></b> | <b><u>(150)</u></b> |

NIFRS did not have any liabilities arising from financing activities at 31 March 2021.

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

|  | 2021<br>£'000       | 2020<br>£'000       |
|--|---------------------|---------------------|
| <b>Amounts falling due within one year</b>                       |                     |                     |
| Trade receivables  | 472                 | 22                  |
| VAT receivable   | 711                 | 487                 |
| Other receivables - not relating to fixed assets                 | 17                  | 1                   |
| <b>Trade and Other Receivables</b>                               | <b><u>1,200</u></b> | <b><u>510</u></b>   |
| Prepayments  | 796                 | 1,130               |
| Accrued income   | 107                 | 239                 |
| <b>Other Current Assets</b>                                      | <b><u>903</u></b>   | <b><u>1,369</u></b> |
| <b>Other Current Assets falling due after more than one year</b> | <b><u>-</u></b>     | <b><u>-</u></b>     |
| <b>Total Trade and Other Receivables</b>                         | <b><u>1,200</u></b> | <b><u>510</u></b>   |
| <b>Total Other Current Assets</b>                                | <b><u>903</u></b>   | <b><u>1,369</u></b> |
| <b>Total</b>   | <b><u>2,103</u></b> | <b><u>1,879</u></b> |

The balances are net of a provision for bad debts of £nil (2019/20: £nil).

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

### 13.1 Trade Payables, Financial and Other Liabilities

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| <b>Amounts falling due within one year</b>             |               |               |
| Other taxation and social security                     | 729           | 844           |
| Trade capital payables - property, plant and equipment | 4,222         | 4,110         |
| Trade revenue payables                                 | 2,786         | 2,972         |
| Payroll payables                                       | 5,688         | 5,064         |
| Pension Account  | -             | 152           |
| <b>Trade and other payables</b>                        | <b>13,425</b> | <b>13,142</b> |
| <b>Total Payables falling due within 1 year</b>        | <b>13,425</b> | <b>13,142</b> |
| <b>Amounts falling due after more than 1 year</b>      | <b>-</b>      | <b>-</b>      |
| <b>Total</b>   | <b>13,425</b> | <b>13,142</b> |

### 13.2 Loans

NIFRS did not have any loans payable at 31 March 2021 or 31 March 2020.

## 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>2021<br/>Number</b> | <b>2021<br/>Value<br/>£'000</b> | <b>2020<br/>Number</b> | <b>2020<br/>Value<br/>£'000</b> |
|---|------------------------|---------------------------------|------------------------|---------------------------------|
| Total bills paid  | 8,781                  | 31,024                          | 9,763                  | 32,566                          |
| Total bills paid within 30 day target or under agreed payment terms | 8,367                  | 29,423                          | 8,351                  | 29,084                          |
| % of bills paid within 30 day target or under agreed payment terms  | 95.3%                  | 94.8%                           | 85.5%                  | 89.3%                           |
| Total bills paid within 30 days of receipt of an undisputed invoice | 8,583                  | 30,018                          | 8,477                  | 30,400                          |
| % of bills paid within 30 days of receipt of an undisputed invoice  | 97.7%                  | 96.8%                           | 86.8%                  | 93.3%                           |
| Total bills paid within 10 days of receipt of an undisputed invoice | 8,060                  | 28,121                          | 7,180                  | 24,067                          |
| % of bills paid within 10 days of receipt of an undisputed invoice  | 91.8%                  | 90.6%                           | 73.5%                  | 73.9%                           |

### 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 (2019/20: £nil).

## NOTE 15 – PROVISIONS FOR LIABILITIES AND CHARGES - 2021

|  | Insurance<br>£'000 | Firefighters'<br>Compensation<br>Scheme<br>£'000 | Other<br>£'000 | 2021<br>Total<br>£'000 |
|--|--------------------|--|----------------|------------------------|
| Balance at 1 April 2020  | 2,249              | 103,012  | 800            | <b>106,061</b>         |
| Provided in year   | 590                | -  | 1,582          | <b>2,172</b>           |
| Provided in year - current service cost                                      | -                  | 700  | -              | <b>700</b>             |
| (Provisions not required written back)/<br>changes in underlying assumptions | (24)               | 10,890   | (154)          | <b>10,712</b>          |
| Provision utilised in the year   | (160)              | (3,422)  | -              | <b>(3,582)</b>         |
| Borrowing costs (unwinding of<br>discount)                                   | (31)               | 1,830  | -              | <b>1,799</b>           |
| <b>At 31 March 2021</b>  | <b>2,624</b>       | <b>113,010</b>                                   | <b>2,228</b>   | <b>117,862</b>         |

|  | Insurance<br>£'000 | Firefighters'<br>Compensation<br>Scheme<br>£'000 | Other<br>£'000 | 2020<br>Total<br>£'000 |
|--|--------------------|--|----------------|------------------------|
| Balance at 1 April 2019  | 1,792              | 88,210   | -              | 90,002                 |
| Provided in year   | 690                | -  | 800            | 1,490                  |
| Provided in year - current service cost                                      | -                  | 490  | -              | 490                    |
| Provided in year - *past service cost  | -                  | 120  | -              | 120                    |
| (Provisions not required written back)/<br>changes in underlying assumptions | (98)               | 15,001   | -              | 14,903                 |
| Provision utilised in the year   | (145)              | (3,329)  | -              | (3,474)                |
| Cost of borrowing  | 10                 | 2,520  | -              | 2,530                  |
| <b>At 31 March 2020</b>  | <b>2,249</b>       | <b>103,012</b>                                   | <b>800</b>     | <b>106,061</b>         |

\*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.



## NOTE 15 - PROVISION FOR LIABILITIES AND CHARGES – 2021 (continued)

### Analysis of Expected Timing of Cash Flows

|   | Insurance<br>£'000 | Firefighters'<br>Compensation<br>Scheme<br>£'000 | Other<br>£'000 | 2021<br>Total<br>£'000 |
|---|--------------------|--|----------------|------------------------|
| Not later than 1 year                           | 2,624              | 3,150  | 2,228          | 8,002                  |
| Later than 1 year and not later<br>than 5 years | -                  | 12,620   | -              | 12,620                 |
| Later than 5 years                              | -                  | 97,240   | -              | 97,240                 |
| <b>At 31 March 2021</b>                         | <b>2,624</b>       | <b>113,010</b>                                   | <b>2,228</b>   | <b>117,862</b>         |

|   | Insurance<br>£'000 | Firefighters'<br>Compensation<br>Scheme<br>£'000 | Other<br>£'000 | 2020<br>Total<br>£'000 |
|---|--------------------|--|----------------|------------------------|
| Not later than 1 year                           | 2,249              | 3,160  | 800            | 6,209                  |
| Later than 1 year and not later<br>than 5 years | -                  | 12,480   | -              | 12,480                 |
| Later than 5 years                              | -                  | 87,372   | -              | 87,372                 |
| <b>At 31 March 2020</b>                         | <b>2,249</b>       | <b>103,012</b>                                   | <b>800</b>     | <b>106,061</b>         |

### Comprehensive Net Expenditure Account Charges

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Provided in year  | 2,872         | 2,100         |
| (Provisions not required written back)/changes in<br>underlying assumptions | 10,712        | 14,903        |
| Cost of borrowing (Unwinding of discount)                                   | 1,799         | 2,530         |
| <b>Total charge within operating charges</b>                                | <b>15,383</b> | <b>19,534</b> |

## NOTE 15 - PROVISION FOR LIABILITIES AND CHARGES – 2021 (continued)

### Insurance Provision

NIFRS operates a policy of limited self-insurance and has detailed above a provision of £2,624k (2020: £2,249k) in respect of Public Liability, Employer Liability, Vehicle Liability and Breach of Employment Law claims which were unsettled at 31 March 2021. 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 applied during the year as outlined in Note 1.17.

### 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 2021 leading to the provision of £113,010k (2019/20: £103,012k) as shown above.

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

|  | 2021 | 2020 | 2019 | 2018 |
|--|------|------|------|------|
|  | %    | %    | %    | %    |
| Discount rate                            | 1.25 | 1.80 | 2.90 | 2.55 |
| Price inflation (CPI)                    | 2.22 | 2.35 | 2.60 | 2.45 |
| Rate of increase in pensionable salaries | 3.72 | 4.10 | 4.10 | 3.95 |
| Rate of increase in pensions             | 2.22 | 2.35 | 2.60 | 2.45 |

### Life expectancies

|  | Males | Females |
|--|-------|---------|
| 65 year old current normal health pensioner      | 21.4  | 21.4    |
| 45 year old future normal health pensioner at 65 | 23.1  | 23.1    |

## NOTE 15 - PROVISION FOR LIABILITIES AND CHARGES – 2021 (continued)

### Sensitivity of results

| Change in assumption*   | Impact on DBO |           |
|---|---------------|-----------|
|   | %             | £ Million |
| Rate of discounting scheme liabilities 0.5% a year                                | (9.5)         | (11.0)    |
| Long term rate of increases in salaries 0.5% a year                               | -             | -         |
| Rate of increase in pensions / deferred revaluation 0.5% a year                   | 8.0           | 9.0       |
| Life expectancy: All members and adult dependents assumed to be one year younger. | 3.5           | 4.0       |

\*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 the assumptions, the actual impact may be different from simply combining the changes above.

### History of experience gains/(losses)

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Experience (losses) on scheme liabilities | (3,090)       | (4,370)       |

### Other

On 1 April 2017, 6 members of staff transferred from NIFRS to the HSC Business Services Organisation under the terms of the Cabinet Office's Statement of Practice for Staff Transfers in the Public Sector. A provision of £646k (2020: £800k) has been recognised in the accounts for the associated shortfall between the relevant pension schemes as part of a bulk transfer arrangement, ie, a shortfall between the bulk transfer value payable from the Local Government Pension Scheme (Northern Ireland) (LGPS) (NI); and the amount required by the Health & Social Care Pension Scheme (HSCPS) to provide the intended level of benefits in the HSCPS.

Based on a Court of Appeal judgement in June 2019 (PSNI v Agnew) on backdated PSNI holiday pay, the Department of Finance has reviewed implications for each of the major staffing groups across the Public Sector. As a result a provision of £1,582k relating to the period 31/03/1999 to 31/03/2018 has been recognised in the Accounts. From 2019 to date an accrual has been included in the Accounts. Refer to page 129 for further details.

## NOTE 16 – PENSION AND SIMILAR OBLIGATIONS

The majority of Support Staff 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:

|   | <b>2021</b> | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|-------------|
|   | <b>%</b>    | <b>%</b>    | <b>%</b>    |
| Discount rate   | 2.1         | 2.3         | 2.4         |
| Price inflation (CPI)   | 2.7         | 2.0         | 2.2         |
| Rate of increase in pensionable salaries                        | 4.2         | 3.5         | 3.7         |
| Rate of increase in pensions in payments and deferred pensions. | 2.7         | 2.0         | 2.2         |

The future life expectancies at age 65 are summarised below:

|  | <b>2021</b>  |                | <b>2020</b>  |                |
|--|--------------|----------------|--------------|----------------|
|  | <b>Males</b> | <b>Females</b> | <b>Males</b> | <b>Females</b> |
| 65 year old current pensioner          | 21.9 years   | 25.1 years     | 21.8 years   | 25.0 years     |
| 45 year old future pensioner at age 65 | 23.3 years   | 26.5 years     | 23.2 years   | 26.4 years     |

|                                     | <b>Asset Allocation 31 March 2021 per annum</b> | <b>Assets at 31 March 2021 £'000</b> | <b>Asset Allocation 31 March 2020 per annum</b> | <b>Assets at 31 March 2020 £'000</b> |
|-------------------------------------|---|--------------------------------------|---|--------------------------------------|
| Equities                            | 46.2%   | 39,508                               | 42.6%   | 29,992                               |
| Bonds                               | 35.7%   | 30,530                               | 38.7%   | 27,246                               |
| Cash/Other                          | 6.0%  | 5,131                                | 5.3%  | 3,731                                |
| Unquoted                            | 12.1%   | 10,347                               | 13.4%   | 9,434                                |
| Fair value of scheme assets         |   | 85,516                               |   | 70,403                               |
| Present value of funded obligations |   | (115,419)                            |   | (92,865)                             |
| <b>Net liability</b>                |   | <b>(29,903)</b>                      |   | <b>(22,462)</b>                      |

## **NOTE 16 – PENSION AND SIMILAR OBLIGATIONS (continued)**

The scheme net liability includes an amount for the impact of the McCloud judgement and GMP Equalisation and Indexation, further information is available below.

### **McCloud and 2016 Valuation Cost Control**

Claims of age discrimination were brought in relation to the terms of the transitional protection by groups of firefighters and members of the Judiciary in the McCloud /Sargeant legal case (referred herein as “McCloud”) and the Court of Appeal handed down its judgement on this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 scheme valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes.

In July 2020 HM Treasury consulted on changes to the transitional arrangements to the 2015 schemes as a result of this judgement and, at the same time, an update on the Cost Control Element of the 2016 valuations was published. In this update, the Government announced that the pause should be lifted and the cost control element of the 2016 valuations could be completed. This update also set out that the McCloud costs would fall into the “member cost” category of the control element of the valuations process. It is also noted that by taking into account the increased value as a result of the McCloud remedy, scheme cost control valuation outcomes will show greater costs than otherwise would have been expected.

The reformed public service schemes in Northern Ireland incorporate similar age-based transitional protections. The Department of Finance ran a consultation from 19 August 2020 to 18 November 2020 consulting on proposals to I) remove discrimination in unfunded public service schemes made under the Public Service Pensions Act (Northern Ireland) 2014 for the future; and, II) remedy the effect of any discrimination scheme members may have incurred since April 2015. The Department of Finance issued its consultation response on 25 February 2021. It proposes to proceed with the deferred choice underpin. This approach means all eligible members will receive a choice at the point of retirement whether to take legacy or reformed scheme benefits for the period between 1 April 2015 and 31 March 2022, known as the remedy period.

All public servants who continue in service from 1 April 2022 onwards will do so as members of their respective reformed scheme (alpha pension scheme). These proposals have been developed at the Collective Consultation Working Group, which is the recognised forum for consultation on pension policy for devolved schemes and where both public service employers and employees are represented.

Work is progressing on the legislative steps required to implement the remedy and reformed scheme. The actuarial liability as at 31 March 2021 includes accrual for management’s best estimate of the higher expected costs to implement the remedy and reformed scheme under the proposals. Should there be any changes to the proposals, the amounts recognised would need to be revised.

## NOTE 16 – PENSION AND SIMILAR OBLIGATIONS (continued)

### GMP Indexation and Equalisation

The Government has recently published a further consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the “interim solution” to those members who reach State Pension Age after 5 April 2021 (7 October 2020). A past service cost was included for 2019/20 for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement.

For public service pension schemes, we expect that this ruling will be taken forward on a cross scheme basis and will need legal input. This may require revisiting CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETVs were equalised. The scope of any costs are yet to be determined and we do not have data on historic cost CETVs to estimate the potential impact, but we do not consider the quantum of any impact to be material and this issue is limited to a relatively small uplift for a relatively small subset of members (ie, those who took a CETV and are in scope for a top up).

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

### Amount Charged to Operating Expenditure

|                               | <b>2021</b>         | <b>2020</b>         |
|-------------------------------|---------------------|---------------------|
|                               | <b>£'000</b>        | <b>£'000</b>        |
| Current Service Cost          | 2,998               | 2,826               |
| Past Service Cost             | -                   | 710                 |
| Employers contributions       | (1,517)             | (1,475)             |
| Movement*                     | 55                  | 113                 |
|                               | <u>(1,462)</u>      | <u>(1,362)</u>      |
| <b>Total Operating Charge</b> | <b><u>1,536</u></b> | <b><u>2,174</u></b> |

\*The contributions and benefits paid figure 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 (continued)

### Amount Charged to Interest

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Interest income on assets                      | (1,616)       | (1,846)       |
| Interest expense on defined benefit obligation | 2,116         | 2,226         |
| <b>Net Interest Charge</b>                     | <b>500</b>    | <b>380</b>    |

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

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Return on plan assets in excess of that recognised in net interest | (13,795)      | 8,144         |
| Actuarial (gain)/loss due to liability experience                  | (810)         | 521           |
| Actuarial loss/(gain) due to changes in financial assumptions      | 20,065        | (1,960)       |
| Actuarial (gain) due to changes in demographic assumptions         | -             | (3,251)       |
| Movement*  | (55)          | (113)         |
|  | 19,200        | (4,803)       |
| <b>Actuarial loss</b>  | <b>5,405</b>  | <b>3,341</b>  |

\*The contributions and benefits paid figure 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.

### Change in Pension Assets

|                                      | 2021<br>£'000 | 2020<br>£'000 |
|--------------------------------------|---------------|---------------|
| Opening fair value of assets         | 70,403        | 77,064        |
| Interest income on assets            | 1,616         | 1,846         |
| Contributions by participants        | 502           | 435           |
| Contributions by employer            | 1,517         | 1,475         |
| Re-measurement gain/(loss) on assets | 13,795        | (8,144)       |
| Net benefits paid out                | (2,317)       | (2,273)       |
| <b>Closing Fair Value of Assets</b>  | <b>85,516</b> | <b>70,403</b> |

## NOTE 16 – PENSION AND SIMILAR OBLIGATIONS (continued)

### Change in Benefit Obligations

|   | 2021<br>£'000         | 2020<br>£'000        |
|---|-----------------------|----------------------|
| Opening Defined Benefit Obligation                            | 92,865                | 93,631               |
| Current service cost  | 2,998                 | 2,826                |
| Past service cost   | -                     | 710                  |
| Interest expense on defined benefit obligation                | 2,116                 | 2,226                |
| Contributions by participants                                 | 502                   | 435                  |
| <i>Re-measurements:</i>                                       |                       |                      |
| Actuarial (gain)/loss due to liability experience             | (810)                 | 521                  |
| Actuarial loss/(gain) due to changes in financial assumptions | 20,065                | (1,960)              |
| Actuarial gain due to changes in demographic assumptions      | -                     | (3,251)              |
|   | <u>19,255</u>         | <u>(4,690)</u>       |
| Net benefits paid out   | <u>(2,317)</u>        | <u>(2,273)</u>       |
| <b>Closing Defined Benefit Obligation</b>                     | <b><u>115,419</u></b> | <b><u>92,865</u></b> |

### Amounts for the Current and Previous Accounting Periods

|  | 2021<br>£'000          | 2020<br>£'000          | 2019<br>£'000          | 2018<br>£'000          | 2017<br>£'000          |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Fair value of assets   | 85,516                 | 70,403                 | 77,064                 | 71,385                 | 67,601                 |
| Present value of defined benefit obligation  | (115,419)              | (92,865)               | (93,631)               | (88,309)               | (83,156)               |
| <b>Net deficit</b>   | <b><u>(29,903)</u></b> | <b><u>(22,462)</u></b> | <b><u>(16,567)</u></b> | <b><u>(16,924)</u></b> | <b><u>(15,555)</u></b> |
| Experience gain/(loss) on assets   | 13,795                 | (8,144)                | 3,310                  | 1,714                  | 7,373                  |
| Experience gain/(loss) on liabilities  | 810                    | (521)                  | (90)                   | (282)                  | 1,902                  |
|  | <b><u>14,605</u></b>   | <b><u>(8,665)</u></b>  | <b><u>3,220</u></b>    | <b><u>1,432</u></b>    | <b><u>9,275</u></b>    |
| Re-measurement gain/(loss) on assets   | 13,795                 | (8,144)                | 3,310                  | 1,714                  | 7,373                  |
| Re-measurement (loss)/gain on obligation   | (19,255)               | 4,690                  | (1,664)                | (1,858)                | (13,799)               |
| <b>Re-measurement (loss)/gain recognised in other comprehensive expenditure (before adjustment for movement)</b> | <b><u>(5,460)</u></b>  | <b><u>(3,454)</u></b>  | <b><u>1,646</u></b>    | <b><u>(144)</u></b>    | <b><u>(6,426)</u></b>  |



## NOTE 16 – PENSION AND SIMILAR OBLIGATIONS (continued)

The projected pension expense for the year to 31 March 2022 to be charged to the Statement of Comprehensive Net Expenditure in 2022, is shown in the table below.

|   | 31 March 2022       |
|---|---------------------|
|   | £'000               |
| Current service cost                          | 4,214               |
| Net interest on net defined benefit liability | 611                 |
| <b>Projected Pension Expense</b>              | <b><u>4,825</u></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 2021 of changes in key assumptions:

|  | Approximate %<br>increase/(decrease) in<br>liability | Approximate<br>monetary increase/<br>(decrease) in liability<br>£'000 |
|--|--|---|
| 0.1% decrease in Discount Rate             | 2.0  | 2,193   |
| 1 year increase in Member Life Expectancy  | (3.6)  | (4,155)   |
| 0.1% decrease in the Salary Increase Rate  | (0.4)  | (462)   |
| 0.1% decrease in the Pension Increase Rate | (1.56)   | (1,731)   |

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 AND OTHER COMMITMENTS

### 17.1 Capital Commitments

Contracted capital commitments at 31 March 2021 not otherwise included in these annual accounts are as follows:

|                               | 2021<br>£'000       | 2020<br>£'000       |
|-------------------------------|---------------------|---------------------|
| Property, plant and equipment | 7,393               | 4,522               |
| <b>Total</b>                  | <b><u>7,393</u></b> | <b><u>4,522</u></b> |

## NOTE 17 - CAPITAL AND OTHER COMMITMENTS (continued)

### 17.2 Other Commitments

NIFRS has entered into non-cancellable contracts (which are not leases or PFI contracts). The payments to which NIFRS has committed during 2020/21 analysed by the period during which the commitment expires are as follows:

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Expires within 1 year                         | 521           | 759           |
| Expiry after 1 year but not more than 5 years | -             | -             |
| Expiry thereafter                             | -             | -             |
|   | <hr/>         | <hr/>         |
| <b>Total</b>                                  | <b>521</b>    | <b>759</b>    |

## NOTE 18 - COMMITMENTS UNDER LEASES (IAS 17 disclosures)

### 18.1 Operating Leases from lessee arrangements

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

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| <b>Land</b>                                  |               |               |
| Not later than 1 year                        | 360           | 360           |
| Later than 1 year and not later than 5 years | 1,440         | 1,440         |
| Later than 5 years                           | 16,830        | 17,190        |
|  | <hr/>         | <hr/>         |
|  | <b>18,630</b> | <b>18,990</b> |
| <b>Buildings</b>                             |               |               |
| Not later than 1 year                        | 80            | 61            |
| Later than 1 year and not later than 5 years | 113           | 35            |
| Later than 5 years                           | -             | -             |
|  | <hr/>         | <hr/>         |
|  | <b>193</b>    | <b>96</b>     |
| <b>Other</b>                                 |               |               |
| Not later than 1 year                        | 48            | 43            |
| Later than 1 year and not later than 5 years | 180           | 162           |
| Later than 5 years                           | -             | -             |
|  | <hr/>         | <hr/>         |
|  | <b>228</b>    | <b>205</b>    |

## NOTE 18 - COMMITMENTS UNDER LEASES (IAS 17 disclosures) (continued)

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

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Sublease payments                                     | <u>52</u>     | <u>38</u>     |
|   | <b>52</b>     | <b>38</b>     |
| Lease payments recognised as an expense in the period | <u>860</u>    | <u>1,215</u>  |
|   | <b>860</b>    | <b>1,215</b>  |

Lease payments are recognised in Note 3 under Rentals Under Operating Leases, Transport, Communications Equipment, Office Equipment and Running Costs.

All NIFRS leases are Lessee/Lessor leases. One is in respect of land, 2 are in respect of buildings and one is in respect of a printer.

### 18.2 Operating Leases – Commitments under Lessor Agreements

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

|  |               |               |
|--|---------------|---------------|
| Obligations under operating leases issued by NIFRS comprise: | 2021<br>£'000 | 2020<br>£'000 |
| <b>Land &amp; Buildings</b>                                  |               |               |
| Not later than 1 year  | 15            | 15            |
| Later than 1 year and not later than 5 years                 | 16            | 20            |
| Later than 5 years   | -             | -             |
|  | <u>31</u>     | <u>35</u>     |

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

### 19.1 Off Balance Sheet PFI Contracts and other Service Concession Arrangements

NIFRS has no PFI or other service concession arrangements in place for the financial years 2020-21 or 2019-20.

## NOTE 20 - OTHER FINANCIAL COMMITMENTS

NIFRS has no other material financial commitments to report for financial years 2020-21 or 2019-20.

## NOTE 21 - 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.

|                                | 2021<br>£'000 | 2020<br>£'000 |
|--------------------------------|---------------|---------------|
| <b>Limited Self Insurance:</b> |               |               |
| Public Liability               | -             | -             |
| Employer Liability             | 409           | 341           |
| Vehicle Liability              | 25            | 23            |
| Employment Liability           | -             | -             |
|                                | <u>434</u>    | <u>364</u>    |

### Self-Insurance

NIFRS operates a policy of limited self-insurance and has detailed at Note 15 a provision of £2,624k in respect of Public Liability, Employer Liability, Vehicle Liability and Breach of Employment Law claims which were unsettled at 31 March 2021 (2020: £2,249k). While this is the anticipated sum to meet the liability there is potential for a further liability of £434k (2020: £364k). NIFRS policy is to vigorously defend all cases.

There is a potential contingent liability in respect of an employment law case "Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000", in relation to retained firefighters who had previously established a successful claim for pension remedy under this regulation, who may now be entitled to a further remedy in respect of any pre 1 July 2000 service. A stay in proceedings has been ordered by the Office of the Industrial Tribunals and the Fair Employment Tribunal and the potential financial impact is unquantifiable at present.

### GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. All of the public service schemes, including the LGPS (NI) were contracted out.

Reforms to the State Pension system on 6 April 2016 removed the facility by which central government paid top-up payments to members with GMP who reached State Pension Age (SPA) after that date. Before 6 April 2016 the LGPS (NI) was not required to pay full CPI increases on GMPs so the top up payments had ensured that both state and scheme pensions, when combined, kept pace with inflation. In March 2016 the government introduced an 'interim solution' which made the LGPS (NI) responsible for paying the full inflationary increases on GMPs for individuals reaching SPA between 6 April 2016 and 5 December 2018. This cost was included in the 2016 valuation of the Fund and was therefore accounted for in 2017. In January 2018 the Government extended the interim solution to individuals reaching SPA on or before 5 April 2021 ('second' interim solution), passing further cost to the LGPS (NI). This additional liability was not accounted for in accounting periods up to 31 March 2019 under advice from Aon, the scheme actuary. However the approach has been changed in 2020 to include a value on our Balance Sheet of the Government's second interim solution together with a further potential liability relating to indexation for all members whose State Pension Age is after April 2021.

## **NOTE 21 - CONTINGENT LIABILITIES (continued)**

Government policy is to fully index and equalise GMP pensions for men and women reaching SPA after 5 April 2021 but has not yet enacted this in legislation. Separately, on 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs". HM Treasury have responded to confirm that public sector schemes already have a method to equalise guaranteed minimum pension benefits (through the interim solutions and commitment to pay full increases on GMPs) and they do not plan to change their method as a result of that judgment.

Aon, as the Fund's actuary, has estimated that the potential IAS 19/FRS102 accounting liability of full GMP indexation (and equalisation) for members reaching State Pension Age from 6 December 2018 to be in the region of 0.3% of the defined benefit obligation. This estimate has been calculated for a typical LGPS Fund (in England and Wales, but this is still comparable to the LGPS (NI)) and is indicative of an additional liability for a typical employer and does not reflect the individual characteristics of NIFRS' membership. Costs could be higher for employers with a membership that is older than average (who predominantly accrued service between 1978 and 1997 when GMPs were being accrued).

The Fund is a funded arrangement with employers paying contributions based on the results of regular local valuations, the last valuation being at 31st March 2019. That valuation of the Fund includes a liability for all members whose SPA is after 5 April 2016 (not just those covered by the first and second interim solutions). The additional liability is charged through Other Comprehensive Income on the assumption it is immaterial.

### **Court of Appeal Judgement on backdated PSNI Holiday Pay**

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for 23 and 24 June 2021 but this has subsequently been adjourned. Based on the position in the NHS in England, Scotland and Wales, an accrual at 31 March 2021 has been calculated by HSC Management for the liability and is included in these accounts. However, the extent to which the liability may exceed this amount remains unchanged as the calculation has not been agreed with Trade Unions. The potential additional financial effect of this is unquantifiable at present.

There are still some very significant elements of uncertainty around this liability for a number of reasons:

1. The appeal to the Supreme Court (as detailed above);
2. Lack of accessible data for earlier years;
3. Ongoing negotiations with Trade Unions within the wider public sector;
4. A reliable estimate for the pension element; and
5. Taxation issues which are still under discussion with HMRC at a wider public sector level.

NIFRS has accrued an amount of £404k in the accounts for the 2019-19, 2019-20 and 2020-21 holiday pay liability. A provision of £1.582m for the period 1999-2018 has also been recognised in the accounts. As at 31 March 2020, a possible further obligation existed but due to the very significant elements of uncertainty listed above, a reliable estimate could not be provided at that time. Based on information available, a contingent liability of £1.2m was disclosed.

## NOTE 21 - CONTINGENT LIABILITIES (continued)

### Discount rate

A discount rate is applied by courts to a lump-sum award of damages for future financial loss in a personal injury case, to take account of the return that can be earned from investment. Currently the rate in Northern Ireland has to be set in accordance with principles set out by the House of Lords in Wells v Wells. The Department of Justice made a statutory rule on 29 April 2021 changing the rate, under the Wells v Wells framework, (from 2.5%) to -1.75%, with effect from 31 May 2021. The Department has also brought forward a Bill to change how the rate is set. The Damages (Return on Investment) Bill was introduced to the Assembly on 1 March 2021 and is currently at Committee Stage. Subject to the legislative process, it is anticipated that the Bill will be enacted early next year and the rate would then be reviewed under the new framework.

As regards the estimated impact of the change in discount rate it was not possible to quantify the additional financial liability at this stage and a review will be undertaken in 2021/22 to establish the increase in liability that has arisen from the decrease in discount factor as personal injury compensation will be inflated for existing future loss.

## NOTE 22 - RELATED PARTY TRANSACTIONS

NIFRS is an arm's length body of DoH and as such the Department is a related party with which NIFRS has had various material transactions during the year.

Members and senior management are required to declare any personal, financial and business interest which may conflict with their role within NIFRS.

During the year, no Board Member, member of key management staff or other related party or their close family members undertook any material transactions with NIFRS (2019/20: none).

## NOTE 23 - THIRD PARTY ASSETS

NIFRS does not hold any third party assets (2019/20: none).

## NOTE 24 - FINANCIAL PERFORMANCE TARGETS

### 24.1 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:

|   | 2021<br>£'000  | 2020<br>£'000  |
|---|----------------|----------------|
| DoH (excludes non cash)   | 82,837         | 80,219         |
| Transfer to Pension Scheme Accounts   | -              | (54)           |
| Non cash RRL (from the DoH)   | 25,400         | 30,326         |
| <b>Total Revenue Resource Limit to Statement of Comprehensive Net Expenditure</b> | <b>108,237</b> | <b>110,491</b> |

## NOTE 24 - FINANCIAL PERFORMANCE TARGETS (continued)

### 24.2 Capital Resource Limit

NIFRS is given a Capital Resource Limit (CRL) which it is not permitted to overspend.

|                                 | <b>2021</b><br><b>£'000</b> | <b>2020</b><br><b>£'000</b> |
|---------------------------------|-----------------------------|-----------------------------|
| Gross Capital Expenditure       | 8,334                       | 7,937                       |
| NBV of fixed asset disposals    | <u>(33)</u>                 | <u>(573)</u>                |
| Net capital expenditure         | 8,301                       | 7,364                       |
| Capital Resource Limit          | <u>(8,326)</u>              | <u>(7,364)</u>              |
| <b>(Underspend) against CRL</b> | <b><u>(25)</u></b>          | <b><u>-</u></b>             |

### 24.3 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>2021</b><br><b>£'000</b> | <b>2020</b><br><b>£'000</b> |
|--|-----------------------------|-----------------------------|
| Net Expenditure                          | (108,248)                   | (110,369)                   |
| RRL                                      | <u>108,237</u>              | <u>110,491</u>              |
| Surplus against RRL                      | (11)                        | 122                         |
| Break Even Cumulative position (opening) | <u>389</u>                  | <u>267</u>                  |
| Break Even Cumulative position (closing) | <b><u>378</u></b>           | <b><u>389</u></b>           |

#### Materiality Test:

|  | <b>2021</b><br><b>%</b> | <b>2020</b><br><b>%</b> |
|--|-------------------------|-------------------------|
| Break Even in year position as % of RRL    | <u>(0.01)</u>           | <u>0.11</u>             |
| Break Even cumulative position as % of RRL | <b><u>0.35</u></b>      | <b><u>0.35</u></b>      |

## NOTE 25 – CORPORATION TAX

|                 | <b>2021</b>     | <b>2020</b>     |
|-----------------|-----------------|-----------------|
| Corporation Tax | <u>3</u>        | <u>3</u>        |
|                 | <b><u>3</u></b> | <b><u>3</u></b> |

## **NOTE 26 – EVENTS AFTER THE REPORTING PERIOD**

There are no events after the reporting period having a material effect on the Annual Accounts.

### **Date Authorised for Issue**

The Accounting Officer authorised these Financial Statements for issue on 11 August 2021.



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

## **THE CERTIFICATE AND REPORT 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 2021 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 including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and the 2020-21 Government Financial Reporting Manual (FReM) issued by the Department of Finance.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Fire and Rescue Service's affairs as at 31 March 2021 and of 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 for Opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 Northern Ireland Fire and Rescue Service in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, 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.

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that Northern Ireland Fire and Rescue Service's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Northern Ireland Fire and Rescue Service's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

# **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)**

## **Other Information**

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

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the information given in the Report of the Managers and Report of the Actuary for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

In the light of the knowledge and understanding of the Northern Ireland Fire and Rescue Service and its environment obtained in the course of the audit, I have not identified material misstatements in the reports. 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.

## **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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Northern Ireland Fire and Rescue Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Northern Ireland Fire and Rescue Service will not continue to be provided in the future.

## **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.

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Fire and Rescue Service through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included governing legislation and any other relevant laws and regulations identified;
- making enquires of management and those charged with governance on Northern Ireland Fire and Rescue Service's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Northern Ireland Fire and Rescue Service's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: management override of controls;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

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 the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO  
THE NORTHERN IRELAND ASSEMBLY (continued)**

**Report**

I have no observations to make on these financial statements.

Kieran J Donnelly

KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
1 Bradford Court  
Galwally  
BELFAST  
BT8 6RB

11 August 2021

# **NORTHERN IRELAND FIRE & RESCUE SERVICE PENSION ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021**

## **REPORT OF THE MANAGERS**

### **INTRODUCTION**

#### **Firefighters' Pension Schemes**

As at 31 March 2021 NIFRS operated 3 Firefighters' Pension Schemes, (collectively, the Schemes):

- The Firefighters' Pension Scheme (NI) 2007 ("FPS");
- The New Firefighters' Pension Scheme (NI) 2007 (The New Firefighters' Pension Scheme (Amendment) 2015 - Modified Scheme) ("NFPS");
- The Firefighters' Pension Scheme (NI) 2015 ("CARE").

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.

The Schemes are all final salary Schemes with the exception of The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE) 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.

Final salary Schemes are closed to new membership. The Firefighters' Pension Scheme (NI) 2015 is the only Scheme available for eligible individuals who are in service to join.

As per the requirements of IAS 19, full funding valuations by a professionally qualified actuary are required at intervals not exceeding 4 years. The IAS 19 valuation for Accounts purposes at 31 March 2021 is based on membership data at 31 March 2016, rolled forward with reference to cashflow and financial assumptions at 31 March 2021 as prescribed by HM Treasury.

The results of 2016 funding valuations (experience analysis and update of demographics) were first incorporated into the Scheme financial statements for the year ended 31 March 2018.

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.

Actuarial gains/losses are recognised in Other Comprehensive Net 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 (Accounting and Reporting for Retirement Benefit Plans) from overshadowing and drawing attention away from the records of NIFRS core financial performance.

The Department of Health (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 2020-21 have been prepared in a form determined by the DoH based on guidance from the Department of Finance's (DoF) Government Financial Reporting Manual and in accordance with the requirements of Article 3 (15) of The Fire and Rescue Services (Northern Ireland) Order 2006.

Northern Ireland Fire & Rescue Service (NIFRS) is an executive non-departmental public body of the Department of Health (DoH). As such, NIFRS complies with the corporate governance and accountability framework arrangements (including Managing Public Money Northern Ireland) issued by DoF.

The Managers, Advisors and Employers for all Schemes were as follows:

### **Managers:**

#### **Pension Scheme Manager**

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

#### **Pension Scheme Administrator**

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

### **Advisors:**

#### **Accounting Officer & Pension Scheme Practitioner**

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

#### **Pension Scheme Actuary**

Government Actuary's Dept  
Finlaison House  
15-17 Fumival Street  
London  
EC4A 1AB

### **Auditor:**

Comptroller and Auditor General  
for Northern Ireland  
Northern Ireland Audit Office  
Headquarters  
106 University Street  
Belfast  
BT7 1EU

### **Bankers**

Bank of Ireland  
1 Donegall Square South  
Belfast  
BT1 5LR

## **Employers:**

### **Principal Employer**

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

### **Changes to the Schemes**

Following the completion of the 2012 Scheme valuation new employee and employer rates were introduced from 1 April 2019.

This has led to members in The Firefighters' Pension Scheme (Northern Ireland) 2007 paying between 11% and 17%, members in The New Firefighters' Pension Scheme (Northern Ireland) 2007 paying between 8.5% and 17.0% and members in The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE) paying between 11% and 13.5%.

With the introduction of the new Career Average Revalued Earnings (CARE) Scheme the final salary Pension Schemes have closed for new entrants from 1 April 2015. 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*

The Scheme has considered the impact of the Covid-19 outbreak on the pension liability. As outlined in the Report of the Actuary it is too early to speculate on any potential long-term effects of the pandemic, on either future economic/salary growth or mortality rates; therefore at this stage no amendments have been made to the assumptions underpinning the liability. This will be reviewed ahead of the 2021-22 accounts.

## Membership Statistics

Details of the current membership of all the Firefighters' Pension Schemes is as follows

|  | FPS  | NFPS | CARE  | Total |
|--|------|------|-------|-------|
| <b>Active Members</b>                            |      |      |       |       |
| At 1 April 2020                                  | 136  | 165  | 1,372 | 1,673 |
| Retirees   | (42) | (31) | (16)  | (89)  |
| Joiners  | -    | -    | 122   | 122   |
| Deferreds  | -    | -    | (43)  | (43)  |
| Death  | -    | -    | (1)   | (1)   |
| Transfers in                                     | -    | 1    | 29    | 30    |
| Transfers Out                                    | (13) | (16) | (1)   | (30)  |
| At 31 March 2021                                 | 81   | 119  | 1,462 | 1,662 |
| <b>Deferred Members</b>                          |      |      |       |       |
| At 1 April 2020                                  | 40   | 148  | 111   | 299   |
| Members leaving who have deferred pension rights | (1)  | (5)  | -     | (6)   |
| Members taking up deferred pension rights        | 1    | 3    | 38    | 42    |
| At 31 March 2021                                 | 40   | 146  | 149   | 335   |
| <b>Pensions in Payment</b>                       |      |      |       |       |
| At 1 April 2020                                  | 954  | 287  | 7     | 1,248 |
| Retirees   | 54   | 48   | -     | 102   |
| Deferreds  | 1    | 3    | -     | 4     |
| Death  | (17) | (2)  | -     | (19)  |
| Survivor Pensioners                              | 6    | 2    | -     | 8     |
| At 31 March 2021                                 | 998  | 338  | 7     | 1343  |

## 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 at 31 March 2021 (which includes liabilities belonging to the 3 NIFRS Pension Schemes namely: The Firefighters' Pension Scheme (Northern Ireland) 2007, The New Firefighters' Pension Scheme (Northern Ireland) 2007 and The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE) shows net liabilities of £1,086,366k (31 March 2020: £1,004,336k). 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, and may only be met by future grant or grant-in-aid from NIFRS' sponsoring Department (DoH). This is because the pension fund operates on a pay-as-you-go basis and the shortfall is met through the annual funding regime from the Department.

As illustrated in our Statement of Financial Position, the Schemes operate with a net liability position, largely generated by the manner in which NIFRS is 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.



The Business Services Organisation (BSO) has been contracted to provide Pension Administration Services to NIFRS. Administration is scheduled to hand over to BSO in September 2021. A Service Level Agreement is in place. Under the agreement BSO will provide administrative services only, while NIFRS will retain responsibility for Scheme Management. NIFRS will also retain responsibility for the production and maintenance of the Scheme Annual Accounts, however, BSO will provide input data required for the actuarial valuation.

## **Key Developments**

The Firefighters' Pension Scheme (NI) 2007 (FPS) and the New Firefighters' Pension Schemes (NI) 2007 and 2015 (NFPS) have been closed to new entrants since 1 April 2015. All firefighters are eligible to become members of the CARE scheme when they join NIFRS.

There have been no significant changes to pension contributions or benefits during the financial year 2020/21.

FPS employee contribution rates have remained in the range of 11% to 17% and employer rates have remained at 39.6%.

NFPS employee contribution rates have remained in the range of 8.5% to 17% and employer rates have remained at 23.6%.

CARE employee contribution rates have remained in the range of 11% to 13.5% and employer rates have remained at 31.1%.

## **McCloud Judgement**

In December 2018, the Court of Appeal ruled that transitional protection provisions contained in reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful.

In June 2019, the Supreme Court refused permission for any further appeal of that ruling and the judicial and firefighter cases in question were remitted to the Employment Tribunal to determine a remedy to members who suffered discrimination.

In July 2019, the Westminster Government confirmed that, as transitional protection was offered to members of all the main public service pension schemes, the government intends to address the difference in treatment across all schemes.

The reformed public service schemes in Northern Ireland, including the Local Government Pension Scheme (NI), incorporate similar age-based transitional protections. The Department of Finance ran a consultation from 19 August 2020 to 18 November 2020 consulting on proposals to I) remove discrimination in unfunded public service schemes made under the Public Service Pensions Act (Northern Ireland) 2014 for the future; and, II) remedy the effect of any discrimination scheme members may have incurred since April 2015.

The Department of Finance issued its consultation response on 25 February 2021. It proposes to proceed with the deferred choice underpin. This approach means all eligible members will receive a choice at the point of retirement whether to take legacy or reformed scheme benefits for the period between 1 April 2015 and 31 March 2022, known as the remedy period.

All public servants, including members of the Local Government Pension Scheme (NI), who continue in service from 1 April 2022 onwards will do so as members of their respective reformed scheme (alpha pension scheme). These proposals have been developed at the Collective

Consultation Working Group, which is the recognised forum for consultation on pension policy for devolved schemes and where both public service employers and employees are represented.

### **Events after the Reporting Period**

There were no events after the Reporting Period.

### **Audit Services**

The Financial Statements for 2020-21 are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) who heads the Northern Ireland Audit Office (NIAO) and is appointed by statute and reports to the Northern Ireland Assembly. His Certificate is on pages 133-136 .

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 audit fee for the work performed relating solely to the audit of these Financial Statements is £14k, (2019-20: £14k). These costs are borne by 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 Annual Report and Pension Accounts will be available on the NIFRS website [www.nifrs.org](http://www.nifrs.org)

Any enquiries regarding The Firefighters' Pension Scheme (Northern Ireland) 2007, The New Firefighters' Pension Scheme (Northern Ireland) 2007 or The Firefighters' Pension Scheme (Amendment) 2015 should be addressed to the Pensions Manager, NIFRS.

## REPORT OF THE ACTUARY

### A. Liabilities

The present value as at 31 March 2021 of expected future benefit payments under the NIFRS Pension Schemes, for benefits accrued in respect of employment (or former employment) prior to 31 March 2021, 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<br/>£'000</b> | <b>New Firefighters' Pension Scheme 2007<br/>£'000</b> | <b>Firefighters' Pension Scheme CARE 2015<br/>£'000</b> |
|---------------------------------------|--|--|---|
| Actives (past service)                | 369,730  | 61,190   | 133,840   |
| Deferred Pensioners                   | 6,220  | 3,630  | -   |
| Current Pensioners (excluding injury) | 434,960  | 2,590  | -   |
| Retained Settlement                   | -  | 79,320   | -   |
|                                       | <b>810,910</b>                                     | <b>146,730</b>   | <b>133,840</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 2021 is based on a standard contribution rate as determined at the start of the year.

|                      | <b>% of Pensionable Pay</b>              |  |   |
|----------------------|--|--|---|
|                      | <b>Firefighters' Pension Scheme 2007</b> | <b>New Firefighters' Pension Scheme 2007</b> | <b>Firefighters' Pension Scheme CARE 2015</b> |
| Current Service Cost | 87.30%                                   | 58.20%                                       | 103.30%                                       |

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 2020-21 was £35,500k (2019-20: £36,000k) derived from contributions payable by employers over the year. In relation to the pensionable payroll for the financial year, the Current Service Costs are as follows:

|                      | <b>Firefighters' Pension Scheme (NI) 2007<br/>£'000</b> | <b>New Firefighters' Pension Scheme (NI) 2007<br/>£'000</b> | <b>Firefighters' Pension Scheme (NI) 2015 CARE<br/>£'000</b> |
|----------------------|---|---|--|
| Current Service Cost | 3,810   | 1,350   | 30,430   |
| Past Service Cost    | -   | -   | -  |

## **C. Methodology**

The present value of the liabilities has been determined using the Projected Unit Credit Method (PUCM). Under 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 2020-21 Pension Accounts.

The cost of benefits accruing in the period 1 April 2020 to 31 March 2021 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.

### **GMP Equalisation and Indexation**

The Government has recently published a further consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the “interim solution” to those members who reach State Pension Age after 5 April 2021 (7 October 2020). A past service cost was included in for 2019/20 for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement.

For public service pension schemes, we expect that this ruling will be taken forward on a cross scheme basis and will need legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETVs were equalised. The scope of any costs are yet to be determined and we do not have data on historic CETVs on to estimate the potential impact, but we expect it will be a relatively small uplift for a relatively small subset of members (ie, those who took a CETV and are in scope for a top up).

### **Survivor benefits legal challenges**

In 2020 a legal challenge was brought against the Teachers’ Pension Scheme regarding the provision of survivor benefits to a male spouse of a female member. In that scheme, dependant benefits for a male spouse of a female member are based on service from 1988 and do not include service before 1988.

Department of Health have advised us that due to the historic equal benefit structure in the 1992 Scheme they do not believe there is a similar situation in the Fire Pension Scheme Northern Ireland and therefore there is no requirement to allow for this legal challenge in year 2020/21 accounting disclosures.

An additional legal challenge has been brought against the Police Pension Scheme (Northern Ireland) in regard to historic provision of survivors benefits for unmarried partners. This is an ongoing claim but the ruling in the case could have a read across to all public sector schemes. At this stage we have made no allowance for this case in these 2020/21 disclosures.

## **Covid-19 Implications**

The current population mortality projections make no specific allowance for the impact of Covid-19 or any other pandemics. The starting rates of mortality improvement are based on projections of past trends in UK mortality and the effects of past pandemics will already be reflected in these trends. In general, the effects of pandemics on mortality rates are usually expected to be short term, with rates going back to what they would have been before the pandemic after a year or two, unless the pandemic remains over several years. My view is that it is too early to determine whether Covid-19 changes the long-term view of life expectancy in the UK. It is therefore not unreasonable to retain the existing mortality assumptions. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain over the next year's accounts.

### **D. Assumptions**

The assessments have 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  | 1.25% |
| A rate of CPI                           | 2.22% |
| A rate of increase in pensions          | 2.22% |
| A rate of CARE revaluation              | 3.72% |
| Long term rate of increase in salaries  | 3.72% |
| Short term rate of increase in salaries | 3.72% |

### **E. Sensitivity Analysis**

The indicative effects on the total liability as at 31 March 2021 of changes to the key financial and demographic assumptions are as follows:

#### **The Firefighters' Pension Scheme (Northern Ireland) 2007**

| <b>Change in assumption*</b>  | <b>Impact on DBO</b> |                  |
|---|----------------------|------------------|
|   | <b>%</b>             | <b>£ Million</b> |
| Rate of discounting scheme liabilities 0.5% a year  | (9.5)                | (78.0)           |
| Long term rate of increase in salaries 0.5% a year  | 0.5                  | 5.0              |
| Rate of increase in pensions / deferred revaluation 0.5% a year   | 7.5                  | 61.0             |
| Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed | 3.5                  | 28.0             |

\* 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 the assumptions the actual impact may be different from simply combining the changes above.

## The New Firefighters' Pension Scheme (Northern Ireland) 2007

| Change in assumption*   | Impact on DBO |           |
|---|---------------|-----------|
|   | %             | £ Million |
| Rate of discounting scheme liabilities 0.5% a year  | (17.0)        | (21.0)    |
| Long term rate of increase in salaries 0.5% a year  | 7.0           | 6.0       |
| Rate of increase in pensions / deferred revaluation 0.5% a year   | 10.0          | 14.0      |
| Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed | 3.5           | 4.0       |

## The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE)

| Change in assumption*   | Impact on DBO |           |
|---|---------------|-----------|
|   | %             | £ Million |
| Rate of discounting scheme liabilities 0.5% a year  | (17.0)        | (23.0)    |
| Long term rate of increase in salaries 0.5% a year  | 6.5           | 9.0       |
| Rate of increase in pensions / deferred revaluation 0.5% a year   | 10.5          | 14.0      |
| Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed | 3.5           | 5.0       |

\* 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 the assumptions the actual impact may be different from simply combining the changes above.

## F. Notes

The Report of the Actuary has been compiled by the Government's Actuary Department on 30 April 2021. The report together with other relevant correspondence, in aggregate comply with the following Technical Actuarial Standards issued by the Financial Reporting Council:

R: Reporting Actuarial Information (TAS R)

D: Data (TAS D)

M: Modelling (TAS M)

P: Pensions (Pensions TAS)

Name of Actuary:

Rob Fornear, Fellow of the Institute and Faculty of Actuaries

Government Actuary's Department

30 April 2021

**COMBINED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED  
31 MARCH 2021**

|  | <b>Note</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|--|-------------|-----------------------|-----------------------|
| <b>Income</b>  |             |                       |                       |
| Contributions receivable   | 3           | 17,577                | 18,606                |
| Transfers in   | 4           | 615                   | 747                   |
| <b>Combined income</b>   |             | <b>18,192</b>         | <b>19,353</b>         |
| <b>Expenditure</b>   |             |                       |                       |
| Pension Cost – Current Service Costs/Past Service Costs                | 6           | (35,590)              | (27,260)              |
| Transfers in   | 8           | (615)                 | (747)                 |
| Interest on Scheme Liabilities   | 9           | (18,240)              | (25,420)              |
| Other Expenditure  | 10          | -                     | (54)                  |
| <b>Gross expenditure</b>   |             | <b>(54,445)</b>       | <b>(53,481)</b>       |
| <b>Combined Net Expenditure</b>  |             | <b>(36,253)</b>       | <b>(34,128)</b>       |
| <b>Other Comprehensive Net Income (Expenditure)</b>                    |             |                       |                       |
| Recognised gains and losses for the financial year:                    |             | <b>£'000</b>          | <b>£'000</b>          |
| Actuarial (loss)   | 15.7        | (55,687)              | (108,025)             |
| <b>Total Comprehensive Expenditure for the year ended<br/>31 March</b> |             | <b>(91,940)</b>       | <b>(142,153)</b>      |

The Notes on pages 151-171 form part of these Accounts.

# COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

|  | Note | 2021<br>£'000      | 2020<br>£'000      |
|--|------|--------------------|--------------------|
| <b>Current Assets</b>                                    |      |                    |                    |
| Receivables  | 11   | 4,661              | 4,672              |
| Cash and cash equivalents                                | 12   | 501                | 140                |
| <b>Total Current Assets</b>                              |      | <b>5,162</b>       | <b>4,812</b>       |
| <b>Current Liabilities</b>                               |      |                    |                    |
| Payables (within 12 months)                              | 13   | (40)               | -                  |
| Provisions (Revised Commutation Factors)                 | 14   | (8)                | (8)                |
| <b>Total Current Liabilities</b>                         |      | <b>(48)</b>        | <b>(8)</b>         |
| <b>Net Current Assets, excluding Pension Liabilities</b> |      | <b>5,114</b>       | <b>4,804</b>       |
| <b>Pension Liability:</b>                                |      |                    |                    |
| Firefighters' Pension Scheme (NI) 2007                   | 15.2 | (810,910)          | (778,210)          |
| New Firefighters' Pension Scheme (NI) 2007               | 15.3 | (146,730)          | (134,660)          |
| Firefighters' Pension Scheme (NI) 2015 (CARE)            | 15.4 | (133,840)          | (96,270)           |
| <b>Total Pension Liabilities</b>                         |      | <b>(1,091,480)</b> | <b>(1,009,140)</b> |
| <b>Net Liabilities, including Pension Liabilities</b>    |      | <b>(1,086,366)</b> | <b>(1,004,336)</b> |
| <b>Taxpayers' Equity:</b>                                |      |                    |                    |
| General Fund   |      | (1,086,366)        | (1,004,336)        |
|  |      | <b>(1,086,366)</b> | <b>(1,004,336)</b> |

The Accounts on pages 147-171 were approved by the Board on 9 July 2021 and were signed on its behalf by:

Signed: Carmel McKinney

Chairperson

Date: 9 July 2021

Signed: Michael Graham

Accounting Officer

Date: 9 July 2021



# COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

|   | Note | 2021<br>£'000  | 2020<br>£'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 |      | (36,253)       | (34,128)       |
| Decrease/(increase) in receivables  | 11   | 11             | (846)          |
| Increase in payables  | 13   | 40             | -              |
| <b>Increase in Pension Provision – Firefighters' Pension Scheme</b>   |      |                |                |
| Firefighters' Pension Scheme (NI) 2007  | 15.2 | 32,700         | 64,030         |
| New Firefighters' Pension Scheme (NI) 2007  | 15.3 | 12,070         | 24,170         |
| Firefighters' Pension Scheme (NI) 2015 (CARE)   | 15.4 | 37,570         | 47,300         |
| <b>Pension Re-measurements</b>  |      |                |                |
| Firefighters' Pension Scheme (NI) 2007  | 15.2 | (40,898)       | (59,579)       |
| New Firefighters' Pension Scheme (NI) 2007  | 15.3 | (9,920)        | (24,226)       |
| Firefighters' Pension Scheme (NI) 2015 (CARE)   | 15.4 | (4,869)        | (24,220)       |
| <b>Net Cash Outflow from Operating Activities</b>   |      | <b>(9,549)</b> | <b>(7,499)</b> |
| <b>Cash Flows from Financing Activities</b>   |      |                |                |
| Grant in aid  |      | 9,910          | 7,483          |
| <b>Net Financing</b>  |      | <b>9,910</b>   | <b>7,483</b>   |
| <b>Net increase/(decrease) in Cash &amp; Cash Equivalents in the year</b>   | 12   | <b>361</b>     | <b>(16)</b>    |
| <b>Cash &amp; Cash Equivalents at the beginning of the year</b>   | 12   | <b>140</b>     | <b>156</b>     |
| <b>Cash &amp; Cash Equivalents at the end of the year</b>   | 12   | <b>501</b>     | <b>140</b>     |

The Notes on pages 151-171 form part of these Accounts.

**COMBINED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED  
31 MARCH 2021**

|  | <b>2020<br/>£'000</b>            |
|--|----------------------------------|
| <b>Balance at 1 April 2019</b>             | <b>(869,666)</b>                 |
| Grant from Parent Department               | 7,483                            |
| Comprehensive Net Expenditure for the year | (34,128)                         |
| Actuarial loss                             | (108,025)                        |
| <b>Net change in Taxpayers' Equity</b>     | <b><u>(134,670)</u></b>          |
| <b>Balance at 31 March 2020</b>            | <b><u>(1,004,336)</u></b>        |
|  | <b>2021<br/>£'000</b>            |
| <b>Balance at 1 April 2020</b>             | <b>(1,004,336)</b>               |
| Grant from Parent Department               | 9,910                            |
| Comprehensive Net Expenditure for the year | (36,253)                         |
| Actuarial loss                             | (55,687)                         |
| <b>Net change in Taxpayers' Equity</b>     | <b><u>(82,030)</u></b>           |
| <b>Balance at 31 March 2021</b>            | <b><u><u>(1,086,366)</u></u></b> |

The Notes on pages 151-171 form part of these Accounts.

## **RELATED NOTES**

### **1 BASIS OF PREPARATION OF THE PENSION ACCOUNTS**

NIFRS Firefighters' Pension Accounts have been prepared in a form determined by DoH based on guidance from 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 Accounting and Reporting by Retirement Benefit Plans 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 DoH.

The NIFRS Pension Schemes ("the Schemes") are contracted out, unfunded, defined benefit pay-as-you-go occupational pension schemes operated by the NIFRS on the behalf of members of the NIFRS who satisfy the membership criteria.

Contributions to the Schemes by employers and employees are set at rates determined by the Schemes' Actuary and approved by DoH. The contributions partially fund payments made by the Schemes, the balance of funding being provided by DoH through the annual Supply Estimates process. The administration expenses associated with the operation of the Scheme are borne by NIFRS and reported in the NIFRS operational accounts.

The Financial Statements summarise the transactions of The Firefighters' Pension Scheme (Northern Ireland) 2007; The New Firefighters' Pension Scheme (Northern Ireland) 2007 and The Firefighters' Pension Scheme (Northern Ireland) 2015 CARE. The Statement of Financial Position shows the deficits on each Scheme; the Statement of Comprehensive Net Expenditure shows the total movements in 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.

### **2 STATEMENT OF ACCOUNTING POLICIES**

The Accounting policies contained in FReM follow International Financial Reporting Standards to the extent that it is meaningful and appropriate to the public sector context.

Where 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 2021 shows a liability of £1,086,366k. 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 DoH which funds NIFRS Pension Schemes.

Under the Government Resources and Accounts Act NI 2001, no money may be drawn from the Fund by the DoH other than required for the service of the specified year or retained in excess of that need. 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 2020-21.

## **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 and 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 £875k, (2019-20: £1,253k) 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 and 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 Schemes' 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 87.3% of pensionable pay in The Firefighters' Pension Scheme (Northern Ireland) 2007, 58.2% of pensionable pay in The New Firefighters' Pension Scheme (Northern Ireland) 2007 and 103.3% of pensionable pay in The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE), as determined at the start of 2020-21.

## **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 2020-21.

## **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 2021 of 1.80%.

## **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 1.25% real (ie, 2.22% including CPI inflation).

The Schemes apply assumptions for the discount rate and the rate of inflation as prescribed by HM Treasury.

Full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding 4 years in accordance with the requirements of 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 2016, together with summarised data as at 31 March 2021.

The demographic assumptions that we propose to adopt to prepare the pension disclosures as at 31 March 2021 have been derived from the specific experience of the scheme membership and will be the same as those adopted for the 2016 funding valuation of the Firefighters' Pension Schemes (Northern Ireland). This approach is reasonable but introduces some degree of uncertainty. It should therefore be recognised that the results may differ from those that would emerge following an actuarial valuation based on full membership data as at 31 March 2021.

## **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 Operating Accounts.

### **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 NIFRS Pension Schemes.

### **2.19 Administration Expenses**

Administration expenses are borne by the NIFRS Operating Accounts and are excluded from these Financial 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 2021**

NIFRS has reviewed the accounting standards, interpretations and amendments to published standards that became effective during 2020-21 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 Schemes.

## 2.22 Accounting Standards, Interpretations and Amendments to published Standards not yet effective

The Schemes have reviewed:

- accounting standards, interpretations and amendments to published standards and FReM;
- accounting standards, interpretations and amendments to published standards not yet effective; and
- financial reporting - future developments.

The Schemes consider that these are not relevant or material to the operation of the schemes.

## 2.23 Pension Contribution Rates

### Retirement Benefit Costs

#### **Firefighters' Pension Schemes**

The Schemes are all final salary Schemes with the exception of The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE) 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 GAD using the projected unit credit method and applying a discount rate and rate of inflation as prescribed by HM Treasury.

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:

| <b>SCHEME</b>   | <b>ERS RATE<br/>2020/2021</b> | <b>ERS RATE<br/>2021/2022</b> |
|---|-------------------------------|-------------------------------|
| The Firefighters' Pension Scheme (NI) 2007            | 39.6%                         | 39.6%                         |
| The New Firefighters' Pension Scheme (NI) 2007        | 23.6%                         | 23.6%                         |
| The New Firefighters' Pension Scheme (Amendment) 2015 | 39.6%                         | 39.6%                         |
| The Firefighters' Pension Scheme (NI) 2015 (CARE)     | 31.1%                         | 31.1%                         |

| <b>The Firefighters' Pension Scheme (NI) 2007</b> |                               |                              |                               |
|---|-------------------------------|------------------------------|-------------------------------|
| <b>Salary Band 2020-2021</b>                      | <b>EES RATE<br/>2020/2021</b> | <b>Salary Band 2021-2022</b> | <b>EES RATE<br/>2021/2022</b> |
| Up to £15,609                                     | 11.0%                         | Up to £15,609                | 11.0%                         |
| £15,610 to £21,852                                | 12.2%                         | £15,610 to £21,852           | 12.2%                         |
| £21,853 to £31,218                                | 14.2%                         | £21,853 to £31,218           | 14.2%                         |
| £31,219 to £41,624                                | 14.7%                         | £31,219 to £41,624           | 14.7%                         |
| £41,625 to £52,030                                | 15.2%                         | £41,625 to £52,030           | 15.2%                         |
| £52,031 to £62,436                                | 15.5%                         | £52,031 to £62,436           | 15.5%                         |
| £62,437 to £104,060                               | 16.0%                         | £62,437 to £104,060          | 16.0%                         |
| £104,061 to £124,872                              | 16.5%                         | £104,061 to £124,872         | 16.5%                         |
| More than £124,872                                | 17.0%                         | More than £124,872           | 17.0%                         |

| <b>The New Firefighters' Pension Scheme (NI) 2007</b> |                               |                              |                               |
|---|-------------------------------|------------------------------|-------------------------------|
| <b>Salary Band 2020-2021</b>                          | <b>EES RATE<br/>2020/2021</b> | <b>Salary Band 2021-2022</b> | <b>EES RATE<br/>2021/2022</b> |
| Up to £15,609   | 8.5%                          | Up to £15,609                | 8.5%                          |
| £15,610 to £21,852                                    | 9.4%                          | £15,610 to £21,852           | 9.4%                          |
| £21,853 to £31,218                                    | 10.4%                         | £21,853 to £31,218           | 10.4%                         |
| £31,219 to £41,624                                    | 10.9%                         | £31,219 to £41,624           | 10.9%                         |
| £41,625 to £52,030                                    | 11.2%                         | £41,625 to £52,030           | 11.2%                         |
| £52,031 to £62,436                                    | 11.3%                         | £52,031 to £62,436           | 11.3%                         |
| £62,437 to £104,060                                   | 11.7%                         | £62,437 to £104,060          | 11.7%                         |
| £104,061 to £124,872                                  | 12.1%                         | £104,061 to £124,872         | 12.1%                         |
| More than £124,872                                    | 12.5%                         | More than £124,872           | 12.5%                         |

| <b>Firefighters' Pension Scheme (NI) 2015 (CARE)</b> |                               |                              |                               |
|--|-------------------------------|------------------------------|-------------------------------|
| <b>Salary Band 2020-2021</b>                         | <b>EES RATE<br/>2020/2021</b> | <b>Salary Band 2021-2022</b> | <b>EES RATE<br/>2021/2022</b> |
| Up to £27,818  | 11.0%                         | Up to £27,818                | 11.0%                         |
| £27,819 to £51,515                                   | 12.9%                         | £27,819 to £51,515           | 12.9%                         |
| £51,516 to £142,501                                  | 13.5%                         | £51,516 to £142,501          | 13.5%                         |
| More than £142,501                                   | N/A                           | 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.

| <b>SCHEME</b>   | <b>ERS RATE<br/>incl ill<br/>health<br/>2020/2021</b> | <b>ERS RATE<br/>incl ill<br/>health<br/>2021/2022</b> |
|---|---|---|
| The Firefighters' Pension Scheme (NI) 2007            | 45.6%   | 45.6%   |
| The New Firefighters' Pension Scheme (NI) 2007        | 31.5%   | 31.5%   |
| The New Firefighters' Pension Scheme (Amendment) 2015 | 45.6%   | 45.6%   |
| The Firefighters' Pension Scheme (NI) 2015 (CARE)     | N/A   | N/A   |

## 2.24 Critical Accounting Estimates and Key Judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies. The Scheme continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions relating to the pension liability have the most significant risk of causing a material adjustment to the carrying amounts. Further information including the assumptions underpinning the pension liability, calculation approach for the McCloud legal judgment and a sensitivity analysis is set out in Notes 15 and 18.



### NOTE 3 – CONTRIBUTIONS RECEIVABLE

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Employer  | 11,589        | 12,038        |
| Employer contributions – ill health retirements | 875           | 1,253         |
| Employee  | 5,113         | 5,315         |
|   | <u>17,577</u> | <u>18,606</u> |

### NOTE 4 – PENSION TRANSFERS IN (see also Note 8)

|   | Note | 2021<br>£'000 | 2020<br>£'000 |
|---|------|---------------|---------------|
| New Firefighters' Pension Scheme (NI) 2007    | 15.3 | 238           | 522           |
| Firefighters' Pension Scheme (NI) 2015 (CARE) | 15.4 | 377           | 225           |
|   |      | <u>615</u>    | <u>747</u>    |

### NOTE 5 - OTHER PENSION INCOME

This Note is not applicable to NIFRS.

### NOTE 6 - PENSION COST

| Current Service Cost                          | Note | 2021<br>£'000 | 2020<br>£'000 |
|---|------|---------------|---------------|
| Firefighters' Pension Scheme (NI) 2007        | 15.2 | 3,810         | 5,240         |
| New Firefighters' Pension Scheme (NI) 2007    | 15.3 | 1,350         | 1,520         |
| Firefighters' Pension Scheme (NI) 2015 (CARE) | 15.4 | 30,430        | 21,420        |
|   |      | <u>35,590</u> | <u>28,180</u> |
| Past Service Cost                             | Note | 2021<br>£'000 | 2020<br>£'000 |
| Firefighters' Pension Scheme (NI) 2007        | 15.2 | -             | 3,000         |
| New Firefighters' Pension Scheme (NI) 2007    | 15.3 | -             | (3,920)       |
|   |      | <u>-</u>      | <u>(920)</u>  |
| Total current and past service costs          |      | <u>35,590</u> | <u>27,260</u> |

### NOTE 7 - ENHANCEMENTS

This Note is not applicable to NIFRS.

**NOTE 8 - TRANSFERS IN – ADDITIONAL LIABILITY (see also Note 4)**

| <b>Individual transfers in from other Schemes</b> | <b>Note</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|---|-------------|-----------------------|-----------------------|
| New Firefighters' Pension Scheme (NI) 2007        | 15.3        | 238                   | 522                   |
| Firefighters' Pension Scheme (NI) 2015 (CARE)     | 15.4        | 377                   | 225                   |
|   |             | <u><b>615</b></u>     | <u><b>747</b></u>     |

**NOTE 9 - PENSION FINANCING COST**

| <b>Net Interest on Defined Liability</b>      | <b>Note</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|---|-------------|-----------------------|-----------------------|
| Firefighters' Pension Scheme (NI) 2007        | 15.2        | 13,810                | 20,480                |
| New Firefighters' Pension Scheme (NI) 2007    | 15.3        | 2,420                 | 3,210                 |
| Firefighters' Pension Scheme (NI) 2015 (CARE) | 15.4        | 2,010                 | 1,730                 |
|   |             | <u><b>18,240</b></u>  | <u><b>25,420</b></u>  |

**NOTE 10 - OTHER PENSION EXPENDITURE**

|                           | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|---------------------------|-----------------------|-----------------------|
| GMP overpayment write-off | -                     | 54                    |
|                           | <u><b>-</b></u>       | <u><b>54</b></u>      |

**NOTE 11 - RECEIVABLES – CONTRIBUTIONS DUE IN RESPECT OF PENSIONS**

|                                      | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|--------------------------------------|-----------------------|-----------------------|
| Amounts falling due within 1 year:   |                       |                       |
| Due from NIFRS                       | -                     | 152                   |
| Pension prepayments                  | 4,661                 | 4,520                 |
| <b>Total receivables at 31 March</b> | <u><b>4,661</b></u>   | <u><b>4,672</b></u>   |

## NOTE 12 - CASH AND CASH EQUIVALENTS

|                             | 2021<br>£'000 | 2020<br>£'000 |
|-----------------------------|---------------|---------------|
| Balance at 1 April          | 140           | 156           |
| Net change in cash balances | 361           | (16)          |
| <b>Balance at 31 March</b>  | <b>501</b>    | <b>140</b>    |

The following balances at 31 March were held at:

|                                   |            |            |
|-----------------------------------|------------|------------|
| Commercial banks and cash in hand | 501        | 140        |
| <b>Balance at 31 March</b>        | <b>501</b> | <b>140</b> |

## NOTE 13 - PAYABLES – PAYMENTS DUE IN RESPECT OF PENSIONS

|                                    | 2021<br>£'000 | 2020<br>£'000 |
|------------------------------------|---------------|---------------|
| Amounts falling due within 1 year: |               |               |
| Other payables                     | 40            | -             |
| <b>Total payables at 31 March</b>  | <b>40</b>     | <b>-</b>      |

## NOTE 14 - PROVISIONS FOR LIABILITIES AND CHARGES

|                    | Pension<br>Commutation<br>Factors<br>2021<br>£'000 | Pension<br>Commutation<br>Factors<br>2020<br>£'000 |
|--------------------|--|--|
| Balance at 1 April | 8  | 8  |
| <b>At 31 March</b> | <b>8</b>   | <b>8</b>   |

## Analysis of expected timing of Cash Flows

|  | <b>Pension<br/>Commutation<br/>Factors<br/>2021<br/>£'000</b> | <b>Pension<br/>Commutation<br/>Factors<br/>2020<br/>£'000</b> |
|--|---|---|
| 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</b>                           | <b>8</b>  | <b>8</b>  |

## Commutation Factors

Prior to 2006 The Firefighters' Pension Scheme paid lump sum retirement benefits were 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.

## NOTE 15 – PENSION LIABILITIES

### 15.1 Assumptions underpinning the pension liability

#### LIABILITIES

The present value as at 31 March 2021 of expected future benefit payments under the NIFRS Pension Schemes, for benefits accrued in respect of employment (or former employment) prior to 31 March 2021, has been assessed using the methodology and assumptions set out below. The results are broken down, between the various categories of members, as follows:

|                                       | <b>Firefighters'<br/>Pension Scheme<br/>2007<br/>£'000</b> | <b>New Firefighters'<br/>Pension Scheme<br/>2007<br/>£'000</b> | <b>Firefighters'<br/>Pension Scheme<br/>CARE 2015<br/>£'000</b> |
|---------------------------------------|--|--|---|
| Actives (past service)                | 369,730  | 61,190   | 133,840   |
| Deferred Pensioners                   | 6,220  | 3,630  | -   |
| Current Pensioners (excluding injury) | 434,960  | 2,590  | -   |
| Retained Settlement                   | -  | 79,320   | -   |
|                                       | <b>810,910</b>   | <b>146,730</b>   | <b>133,840</b>  |

Pension scheme liabilities accrue over members' periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse or eligible partner survives the pensioner. In valuing the Schemes' liabilities, the Actuary must estimate the impact of several inherently uncertain variables into the future. The variables include not only the key financial assumptions noted in the table below, but also assumptions about the changes that will occur in the future, in the mortality rate, the age of retirement and age from which a pension becomes payable. The value of the liabilities on the Combined Statement of Financial Position may be significantly affected by even small changes in assumptions. For example, if at a subsequent valuation it is considered appropriate to increase or decrease the assumed rates of inflation or increase in salaries, the value of the pension will increase or decrease. The Schemes' manager accepts that as a consequence, the valuation provided by the Actuary is inherently uncertain. The increases or decreases in future liability charged or credited for the year resulting from changes in assumptions is disclosed in Note 15.1. The note also discloses experience gains or losses from the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

## **Assumptions**

The NIFRS pension schemes are unfunded defined benefit schemes. The Government Actuarial Department (GAD) carried out an assessment of the Schemes' liabilities as at 31 March 2021. The Report of the Actuary on pages 143 sets out the scope, methodology and results of the work the actuary has carried out.

The Schemes' Manager is responsible for providing the Actuary with the information the Actuary needs to carry out the valuation. The information includes, but is not limited to, details of:

- scheme membership, including age and gender profiles, active membership, deferred pensioners and pensioners;
- benefit structure, including details of any discretionary benefits and any proposals to amend the Schemes;
- income and expenditure, including details of expected bulk transfers into or out of the Schemes; and
- following consultation with the actuary, the key assumptions that should be used to value the Schemes' liabilities, ensuring that the assumptions are mutually compatible and reflect a best estimate of future experience.

The key assumptions used by the actuary were:

|   | At 31<br>March<br>2021 | At 31<br>March<br>2020 | At 31<br>March<br>2019 | At 31<br>March<br>2018 | At 31<br>March<br>2017 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Rate of increase in salaries                                    | 3.72%                  | 4.10%                  | 4.10%                  | 3.95%                  | 4.55%                  |
| A rate of increase in pensions in payment and deferred pensions | 2.22%                  | 2.35%                  | 2.60%                  | 2.45%                  | 2.55%                  |
| Inflation Assumption (CPI)                                      | 2.22%                  | 2.35%                  | 2.60%                  | 2.45%                  | 2.55%                  |
| Nominal discount rate   | 1.25%                  | 1.80%                  | 2.90%                  | 2.55%                  | 2.80%                  |
| Discount rate net of price inflation                            | (0.97%)                | (0.55%)                | 0.30%                  | 0.10%                  | 0.25%                  |
| Rate of revaluation for CARE pensions                           | 3.72%                  | 4.10%                  | 4.10%                  | 3.95%                  | 4.57%                  |
| Mortality rates at age 65                                       |                        |                        |                        |                        |                        |
| Current retirements   |                        |                        |                        |                        |                        |
| Females   | 21.4                   | 21.3                   | 22.0                   | 21.9                   | 22.4                   |
| Males   | 21.4                   | 21.3                   | 22.0                   | 21.9                   | 22.4                   |
| Retirements in 20 years' time                                   |                        |                        |                        |                        |                        |
| Females   | 23.1                   | 23.0                   | 23.9                   | 23.9                   | 24.9                   |
| Males   | 23.1                   | 23.0                   | 23.9                   | 23.9                   | 24.9                   |

These key assumptions above are inherently uncertain, since it is impossible to predict with any accuracy future changes in the rate of salary increases, inflation, longevity or the return on corporate bonds. The actuary uses professional expertise in arriving at a view of the most appropriate rates to use in the annual valuation of the Schemes' liabilities. However, the Schemes' managers acknowledge that the valuation reported in these accounts is not certain, since a change in any one of these assumptions will either increase or reduce the liability. For example, on its own, even a small rise in the assumed rate of inflation will result in an increase in the pension liability.

The assumption that has the biggest impact on the amount of the reported liabilities is the discount rate net of price inflation. As set out in the FReM, and as required by IAS 19, the discount rate net of price inflation is based on yields on high quality corporate bonds. The rates are set out in the above table. Any decrease in the discount rate net of price inflation leads to a significant increase in the reported liability.

In accordance with IAS 19 the Schemes' Managers are required to undertake a sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at that date. This analysis, including details of the methods of assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analyses of the pension liability below.

## Sensitivity Analysis

A sensitivity analysis for each significant actuarial assumption as of the end of the reporting period is included below.

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 2021 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  | (9.5)         | (78.0)    |
| Life expectancy: each pensioner subject to longevity of an individual 1 year younger than assumed | 3.5           | 28.0      |
| 0.5% increase in the Salary Increase Rate   | 0.5           | 5.0       |
| 0.5% increase in the Pension Increase Rate  | 7.5           | 61.0      |

### The New Firefighters' Pension Scheme (NI) 2007

| Change in assumption*   | Impact on DBO |           |
|---|---------------|-----------|
|   | %             | £ Million |
| 0.5% increase in Discount Rate  | (17.0)        | (21.0)    |
| Life expectancy: each pensioner subject to longevity of an individual 1 year younger than assumed | 3.5           | 4.0       |
| 0.5% increase in the Salary Increase Rate   | 7.0           | 6.0       |
| 0.5% increase in the Pension Increase Rate  | 10.0          | 14.0      |

### The Firefighters' Pension Scheme 2015

| Change in assumption*   | Impact on DBO |           |
|---|---------------|-----------|
|   | %             | £ Million |
| 0.5% increase in Discount Rate  | (17.0)        | (23.0)    |
| Life expectancy: each pensioner subject to longevity of an individual 1 year younger than assumed | 3.5           | 5.0       |
| 0.5% increase in the Salary Increase Rate   | 6.5           | 9.0       |
| 0.5% increase in the Pension Increase Rate  | 10.5          | 14.0      |

\* 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 (NI) 2007 Liability

|   | Note | 2021<br>£'000         | 2020<br>£'000         |
|---|------|-----------------------|-----------------------|
| Scheme Liability at 1 April                   |      | <b>778,210</b>        | <b>714,180</b>        |
| Current Service Cost                          |      | 3,810                 | 5,240                 |
| Past Service Cost                             |      | -                     | 3,000                 |
| Pension financing cost                        |      | 13,810                | 20,480                |
|   |      | <u>17,620</u>         | <u>28,720</u>         |
| Pension Payments                              | 15.5 | (25,687)              | (24,268)              |
| Pension payments to and on account of leavers | 15.6 | (131)                 | -                     |
| Actuarial loss                                | 15.7 | 40,898                | 59,579                |
| <b>Scheme Liability at 31 March</b>           |      | <b><u>810,910</u></b> | <b><u>778,210</u></b> |

During the year ended 31 March 2021 employee contributions ranged from 11% to 17% of pensionable pay (11% to 17%: 2019-20). Employer contributions represented an average of 39.6% of pensionable pay (39.6%: 2019-20).

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.

### 2016 Cost Cap Valuations

The 2016 Scheme valuation was paused as a consequence of the McCloud ruling. Following consultation with member representatives, the Department of Finance will publish revised valuation directions which will enable the 2016 valuation to be completed and the final cost cap results to be determined. These results will take into account the increased value of public service pensions, attributable to the 'McCloud remedy'.



### 15.3 Analysis of Movement in New Firefighters' Pension Scheme (NI) 2007 Liability

|                                     | Note | 2021<br>£'000         | 2020<br>£'000         |
|-------------------------------------|------|-----------------------|-----------------------|
| Scheme Liability at 1 April         |      | 134,660               | 110,490               |
| Current Service Cost                |      | 1,350                 | 1,520                 |
| Past Service Cost                   |      | -                     | (3,920)               |
| Pension financing cost              |      | 2,420                 | 3,210                 |
|                                     |      | <u>3,770</u>          | <u>810</u>            |
| Pension transfers in                |      | 238                   | 522                   |
| Pension Payments                    | 15.5 | (1,859)               | (1,389)               |
| Actuarial loss                      | 15.7 | 9,920                 | 24,226                |
| <b>Scheme Liability at 31 March</b> |      | <u><b>146,730</b></u> | <u><b>134,660</b></u> |

During the year ended 31 March 2021 employee contributions ranged from 8.5% to 17% of pensionable pay (8.5% to 17%: 2019-20). Employer contributions are at either 23.6% or 39.6% of pensionable pay (23.6% or 39.6%: 2019-20).

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.

### 15.4 Analysis of Movement in Firefighters' Pension Scheme (NI) 2015 (CARE) Liability

|   | Note | 2021<br>£'000         | 2020<br>£'000        |
|---|------|-----------------------|----------------------|
| Scheme Liability at 1 April                   |      | 96,270                | 48,970               |
| Current Service Cost                          |      | 30,430                | 21,420               |
| Pension financing cost                        |      | 2,010                 | 1,730                |
|   |      | <u>32,440</u>         | <u>23,150</u>        |
| Pension transfers in                          |      | 377                   | 225                  |
| Pension Payments                              | 15.5 | (83)                  | (296)                |
| Pension payments to and on account of leavers | 15.6 | (33)                  | -                    |
| Actuarial loss                                | 15.7 | 4,869                 | 24,220               |
| <b>Scheme Liability at 31 March</b>           |      | <u><b>133,840</b></u> | <u><b>96,270</b></u> |

During the year ended 31 March 2021 employee contributions ranged from 11% to 13.5% of pensionable pay (11% to 13.5%: 2019-20). Employer contributions represented an average of 31.1% of pensionable pay (31.1%: 2019-20).

## 15.5 Analysis of Benefits Paid

|   | 2021<br>£'000        | 2020<br>£'000        |
|---|----------------------|----------------------|
| <b>Firefighters' Pension Scheme (NI) 2007</b>                 |                      |                      |
| Pension Payments  | 18,027               | 17,053               |
| Gratuities / Commutations and lump sum benefits on retirement | <u>7,660</u>         | <u>7,215</u>         |
|   | <b><u>25,687</u></b> | <b><u>24,268</u></b> |
| <b>New Firefighters' Pension Scheme (NI) 2007</b>             |                      |                      |
| Pension Payments  | 806                  | 639                  |
| Gratuities / Commutations and lump sum benefits on retirement | <u>1,053</u>         | <u>750</u>           |
|   | <b><u>1,859</u></b>  | <b><u>1,389</u></b>  |
| <b>Firefighters' Pension Scheme (NI) 2015 CARE Scheme</b>     |                      |                      |
| Pension Payments  | 55                   | 270                  |
| Gratuities/Commutations and lump sum benefits on retirement   | <u>28</u>            | <u>26</u>            |
|   | <b><u>83</u></b>     | <b><u>296</u></b>    |

## 15.6 Analysis of Payments to and on account of Leavers

|   | 2021<br>£'000       | 2020<br>£'000   |
|---|---------------------|-----------------|
| <b>Firefighters' Pension Scheme (NI) 2007</b>             |                     |                 |
| Individual transfers to other schemes                     | <u>(131)</u>        | <u>-</u>        |
|   | <b><u>(131)</u></b> | <b><u>-</u></b> |
| <b>New Firefighters' Pension Scheme (NI) 2007</b>         |                     |                 |
| Individual transfers to other schemes                     | <u>-</u>            | <u>-</u>        |
|   | <b><u>-</u></b>     | <b><u>-</u></b> |
| <b>Firefighters' Pension Scheme (NI) 2015 CARE Scheme</b> |                     |                 |
| Individual transfers to other schemes                     | <u>(33)</u>         | <u>-</u>        |
|   | <b><u>(33)</u></b>  | <b><u>-</u></b> |

## 15.7 Analysis of Actuarial (Loss)/Gain

|   | 2021<br>£'000   | 2020<br>£'000    |
|---|-----------------|------------------|
| <b>Firefighters Pension Scheme (NI) 2007</b>  |                 |                  |
| Experience gains arising on scheme liabilities  | 13,422          | 19,471           |
| Changes in financial assumptions underlying the present value of the scheme liabilities   | (54,320)        | (98,100)         |
| Changes in demographic assumptions underlying the present value of the scheme liabilities | -               | 19,050           |
|   | <u>(40,898)</u> | <u>(59,579)</u>  |
| <b>New Firefighters' Pension Scheme (NI) 2007</b>   |                 |                  |
| Experience gains/(losses) arising on scheme liabilities                                   | 2,550           | (446)            |
| Changes in financial assumptions underlying the present value of the scheme liabilities   | (12,470)        | (26,920)         |
| Changes in demographic assumptions underlying the present value of the scheme liabilities | -               | 3,140            |
|   | <u>(9,920)</u>  | <u>(24,226)</u>  |
| <b>Firefighters' Pension Scheme (NI) 2015 CARE Scheme</b>                                 |                 |                  |
| Experience gains/(losses) arising on scheme liabilities                                   | 7,271           | (380)            |
| Changes in financial assumptions underlying the present value of the scheme liabilities   | (12,140)        | (25,910)         |
| Changes in demographic assumptions underlying the present value of the scheme liabilities | -               | 2,070            |
|   | <u>(4,869)</u>  | <u>(24,220)</u>  |
| <b>Per Statement of Changes in Taxpayers' Equity</b>                                      | <u>(55,687)</u> | <u>(108,025)</u> |

## 15.8 History of Experience Gains/(Losses)

|  | 2021<br>£'000 | 2020<br>£'000 | 2019<br>£'000 | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|---------------|---------------|---------------|
| <b>Firefighters' Pension Scheme (NI) 2007</b>                        |               |               |               |               |               |
| Experience gains on scheme liabilities                               | 13,422        | 19,471        | 2,067         | 5,487         | 23,436        |
| Percentage of the present value of the scheme liabilities            | 1.66%         | 2.50%         | 0.29%         | 0.78%         | 3.37%         |
| Total amount recognised in statement of changes in Taxpayers' Equity | (40,898)      | (59,579)      | 28,477        | (1,563)       | (91,124)      |
| Percentage of the present value of the scheme liabilities            | (5.04%)       | (7.66%)       | 3.99%         | (0.22%)       | (13.10%)      |
| <b>New Firefighters' Pension Scheme (NI) 2007</b>                    |               |               |               |               |               |
| Experience gains/(losses) on scheme liabilities                      | 2,550         | (446)         | 1,618         | (16,516)      | (8,910)       |
| Percentage of the present value of the scheme liabilities            | 1.74%         | (0.33%)       | 1.46%         | (15.10%)      | (10.50%)      |
| Total amount recognised in statement of changes in Taxpayers' Equity | (9,920)       | (24,226)      | 7,548         | (21,116)      | (33,389)      |
| Percentage of the present value of the scheme liabilities            | (6.76%)       | (17.99%)      | 6.83%         | (19.30%)      | (39.35%)      |
| <b>Firefighters' Pension Scheme (NI) 2015 (CARE)</b>                 |               |               |               |               |               |
| Experience gains/(losses) on scheme liabilities                      | 7,271         | (380)         | (97)          | (2,129)       | 2,770         |
| Percentage of the present value of the scheme liabilities            | 5.43%         | (0.39%)       | (0.20%)       | (5.8%)        | 11.78%        |
| Total amount recognised in statement of changes in Taxpayers' Equity | (4,869)       | (24,220)      | 3,213         | 361           | (4,530)       |
| Percentage of the present value of the scheme liabilities            | (3.64%)       | (25.16%)      | 6.56%         | 0.99%         | (19.26%)      |
| <b>Combined history of experience gain/(loss)</b>                    |               |               |               |               |               |
| Experience gains/(losses) on scheme liabilities                      | 23,243        | 18,645        | 3,588         | (13,157)      | 17,177        |
| Re-measurements in respect of scheme liabilities                     | (55,687)      | (108,025)     | 39,238        | (22,317)      | (129,043)     |

## **NOTE 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 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.

## **NOTE 17 - LOSSES AND SPECIAL PAYMENTS**

No losses or special payments occurred during the year. (2019-20: nil)

## **NOTE 18 - CONTINGENT LIABILITIES**

### **McCloud Judgement**

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case (referred herein as “McCloud”) and the Court of Appeal handed down its judgment on this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes.

In July 2020 HM Treasury consulted on changes to the transitional arrangements to the 2015 schemes as a result of this judgment and, at the same time, an update on the Cost Control Element of the 2016 valuations was published. In this update, the Government announced that the pause should be lifted and the cost control element of the 2016 valuations could be completed. This update also set out that the McCloud costs would fall into the ‘member cost’ category of the cost control element of the valuations process. It is also noted that by taking into account the increased value as a result of the McCloud remedy, scheme cost control valuation outcomes will show greater costs than otherwise would have been expected.

The reformed public service schemes in Northern Ireland incorporate similar age-based transitional protections. The Department of Finance ran a consultation from 19 August 2020 to 18 November 2020 consulting on proposals to I) remove discrimination in unfunded public service schemes made under the Public Service Pensions Act (Northern Ireland) 2014 for the future; and, II) remedy the effect of any discrimination scheme members may have incurred since April 2015. The Department of Finance issued its consultation response on 25 February 2021. It proposes to proceed with the deferred choice underpin. This approach means all eligible members will receive a choice at the point of retirement whether to take legacy or reformed scheme benefits for the period between 1 April 2015 and 31 March 2022, known as the remedy period.

## **NOTE 18 - CONTINGENT LIABILITIES (continued)**

All public servants who continue in service from 1 April 2022 onwards will do so as members of their respective reformed scheme (alpha pension scheme). These proposals have been developed at the Collective Consultation Working Group, which is the recognised forum for consultation on pension policy for devolved schemes and where both public service employers and employees are represented.

Work is progressing on the legislative steps required to implement the remedy and reformed scheme. The actuarial liability as at 31 March 2021 includes accrual for management's best estimate of the higher expected costs to implement the remedy and reformed scheme under the proposals. Should there be any changes to the proposals, the amounts recognised would need to be revised.

### **GMP Indexation and Equalisation**

The Government has recently published a further consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the "interim solution" to those members who reach State Pension Age after 5 April 2021 (7 October 2020). A past service cost was included for 2019/20 for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement.

For public service pension schemes, we expect that this ruling will be taken forward on a cross scheme basis and will need legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETVs were equalised. The scope of any costs are yet to be determined and we do not have data on historic CETVs to estimate the potential impact, but we do not consider the impact to be material and the issue is limited to a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

### **Survivor benefits legal challenges**

In 2020 a legal challenge was brought against the Teachers' Pension Scheme regarding the provision of survivor benefits to a male spouse of a female member. In that scheme, dependant benefits for a male spouse of a female member are based on service from 1988 and do not include service before 1988.

Department of Health have advised us that due to the historic equal benefit structure in the 1992 Scheme they do not believe there is a similar situation in the Fire Pension Scheme Northern Ireland and therefore there is no requirement to allow for this legal challenge in year 2020/21 accounting disclosures.

An additional legal challenge has been brought against the Police Pension Scheme (Northern Ireland) in regard to historic provision of survivors benefits for unmarried partners. This is an ongoing claim but the ruling in the case could have a read across to all public sector schemes. At this stage no allowances for this case have been made in the actuarial liability as at 31 March 2021.

## **NOTE 18 - CONTINGENT LIABILITIES (continued)**

### **BSO Transition**

The administration of the NIFRS pension schemes will be transitioning to Business Services Organisation (BSO) in the financial year 2021-22. As part of the transition process, existing pension event calculations are being re-performed by BSO to validate the information and certain differences have been identified, primarily in relation to the interpretation of legislation applied in the pension calculations. Legal advice has been obtained and will require further discussion with the Department of Health to address this matter. At this stage it is too early to accurately estimate any potential liability to the Schemes.

## **NOTE 19 - RELATED PARTY TRANSACTIONS**

NIFRS is an arm's length body of the DoH and as such the Department is a related party with which NIFRS has had material transactions during the year. These transactions concerning the NIFRS Pension accounts related to the funding provided to cover the shortfall of scheme payments over contributions.

In addition, the Schemes have had material transactions with other government departments.

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.

## **NOTE 20 - EVENTS AFTER THE REPORTING PERIOD**

There were no events after the reporting period.

## **NOTE 21 – DATE AUTHORISED FOR ISSUE**

The Accounting Officer authorised these Financial Statements for issue on 11 August 2021.

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