



**Northern Ireland
Fire & Rescue Service**

NIFRS Annual Report & Statement of Accounts 2021-22

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**Northern Ireland Fire & Rescue Service (NIFRS)
Annual Report and Statement of Accounts
For the year ended 31 March 2022**

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Schedule 1, and paragraph 6 (4) of Schedule 2 to The Fire and Rescue Services
(Northern Ireland) Order 2006 by the Department of Health

On
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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 2021-22.

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.

During 2021-22 the Covid-19 pandemic continued to impact on how NIFRS delivered its services. The UK Government and the Northern Ireland Assembly in the management of the pandemic implemented a number of measures, including partial societal lockdowns and circuit breakers, to try and manage transmission.

Throughout the year NIFRS like other public sector bodies continued to discharge their roles and responsibilities in this new operating environment. Contingency arrangements were implemented as and when required to deal with variations in transmission rates and a Covid-19 Silver-Cell managed day to day business continuity arrangements which ensured an uninterrupted service to the general public.

On behalf of the NIFRS Board I would like to take this opportunity to commend all staff for providing an exemplary service in the most challenging of circumstances.

During 2021-22 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. This Programme has seen us designing and consulting on new co-terminus District structures and we will move to implementation of these structures in the next financial year.

In addition, to assist with our transformation activities and the setting of our future strategic direction, our Sponsor Department, the Department of Health (DoH), is supporting an Independent Inspection which will take place during 2022-23. The outcomes of this Inspection will help inform our direction of travel for the next 3-5 years and will be reflected in a Community & Integrated Risk Management Plan (CIRMP) which will be developed for public consultation in 2022-23.

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 –

- 37 Trainees commenced our Trainee Firefighter Programme in January 2022 and will graduate in early May 2022; and
- We launched a recruitment drive for On-Call Firefighters for 15 Stations, with appointments anticipated mid 2022-23.

In June 2021 we received planning approval from Mid Ulster Council for the final phase of our Learning & Development Centre (LDC) outside Cookstown. The £42.1m investment is a Northern Ireland Executive flagship project and represents the largest capital build ever undertaken by NIFRS. The facilities will revolutionise how NIFRS trains and develops its people to protect everyone in Northern Ireland and further professionalise the Service. Work on the final phase will commence in May 2022 and complete in May 2024.

Plans for Phase 2, which is currently underway include the building of a specialist driving and road traffic collision training area, a training environment for collapsed buildings and below ground rescue, a flood water rescue training facility and a “call out village” which will include a bungalow, a semi-detached dwelling and a detached dwelling. These will provide Firefighters with ‘real life’ complex training experiences and will complement the existing Tactical Firefighting Facility on the site which opened in September 2019 as Phase One of the project.

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 76% of the outstanding internal audit recommendations fully implemented and 24% partially implemented. The only historical recommendations moving into 2022-23 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.

1 Performance Report

1.1 Performance Overview by Andy Hearn, Interim Chief Fire & Rescue Officer



On behalf of the Board and Executive Leadership Team (ELT) I am pleased to present the Performance Report for 2021-22.

NIFRS report performance against 6 Strategic Outcomes covering the areas of Transformation; Service Delivery; People, Governance & Performance; Financial Management; and Asset Management. These Strategic Outcomes are underpinned by 21 Strategic Performance Indicators as detailed later in this document which align to and support the delivery of the draft Programme for Government (PfG) outcomes and as such NIFRS will focus on activities which help deliver the 14 PfG outcomes.

Whilst the role of a Firefighter has changed over the years, we continue through our 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 2021-22, we received a total of 36,711 emergency calls for help to its Regional Control Centre (a 10.7% increase from 2020-21). Fire crews responded to a total of 23,710 emergency incidents across Northern Ireland (a 5.9% increase compared to 2020-21). This increase in call volume is in part attributable to an increase in home working and time spent in the home due to Covid-19 restrictions.

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 2021-22, our operational statistics show us responding to 680 road traffic collisions (a 28.8% increase from 528 road traffic collisions in 2020-21) and 2,665 special service calls (a 19.2% increase from 2,236 special service calls in 2020-21).

We received 882 (+40% on 2020-21) hoax calls in 2021-22. However, through the skills demonstrated by Regional Control Centre (RCC) personnel, in terms of call management and call challenge, crews were mobilised to less than 50% of those calls (435 mobilisations (2020-21: 316)).

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 by 6.17% from 761 in 2020-21 to 714 in 2021-22, unfortunately during 2021-22, 8 people still lost their lives in accidental dwelling fires (2020-21: 8). 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 2021-22 Firefighters carried out 3,894 free home fire safety checks (an increase of 28.1% on the 3,039 checks undertaken in 2020-21) and fitted 4,348 smoke alarms (an increase of 43.7% from a baseline of 3,025 in 2020-21). During 2020-21 our method of

1 Performance Report (continued)

1.1 Performance Overview by Andy Hearn, Interim Chief Fire & Rescue Officer (continued)

engagement was revised and largely limited to leaflet and mail drops. With the lessening and removal of Covid-19 restrictions in 2021-22 we were able to revert to face-to-face engagement during 2021-22.

Through our People at Risk Strategy, 431 activities were completed (2020-21: 2,284) reaching an audience of 4,556 (2020-21: 26,926). These activities included leaflet drops, talks, events and exhibitions. In addition, we completed 1,086 activities in relation to fire safety in the home (2020-21: 2,746), including leaflet drops, youth engagement, safety team, events/exhibitions and talks, reaching an audience of 36,758 (2020-21: 9,556).

Building on previous success we also implemented Phase 2 of the Strategically Targeted Areas of Risk (STAR) during 2021-22. This meant that when Covid-19 restrictions permitted, crews were able to directly contact 5,093 homes identified in this initiative as being more at risk from fire in the home. 1,607 occupiers received specific home fire safety advice, and a further 2,530 homes received Home Fire Safety leaflets and literature.

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. To support the redesign process we generated an updated Operational Risk Profile during 2021-22 and this will be used to inform the Community & Integrated Risk Management Plan which will be developed in 2022-23. We look forward to shaping the future direction of NIFRS with key stakeholders including the responsible Minister and the Department of Health (DoH).

The opening 2021-22 budget allocations from DoH were £80.1m (2020-21: £79.434m) in respect of revenue and £11.5m (2020-21: £8.39m including £1.22m ring fenced for Learning & Development Centre (LDC) Cookstown) for capital. The final budget allocation, excluding non-cash expenditure, was £86.2m (2020-21: £82.837m) in respect of revenue and £8.3m (2020-21: £8.326m) for capital.

During 2021-22 we monitored expenditure against an overall financial key performance breakeven target of 0.25% of revenue allocation and regularly reported on monthly financial outcomes to the NIFRS Board - we achieved 0.00% (£nil under/over spend) (2020-21: (0.01)%).

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

In terms of financial performance we achieved the required breakeven position during 2021-22 and paid 97.9% of trade creditors within the 30 day target (2020-21: 97.7%) and 93.6% of trade creditors within the 10 day target (2020-21: 91.8%).

We are committed to providing the best value fire and rescue service to the public. Our overall costs per head of population increased by 4.0% to £45.49* for 2021-22 (£43.73 in 2020-21) (*calculated using the net expenditure that scores against the annual revenue budget divided by Northern Ireland Statistics and Research Agency 2020 mid-year population estimate of 1.895 million people) however the need to effectively manage our resources remains a priority.

1 Performance Report (continued)

1.1 Performance Overview by Andy Hearn, Interim Chief Fire & Rescue Officer (continued)

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 us 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.

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.

In March 2022 we implemented 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 also implemented revised Policy and Procedures covering Customer Complaints; Raising Concerns; and Code of Conduct.

During 2021-22 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.

1 Performance Report (continued)

1.1 Performance Overview (continued)

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 1.8986 million (2020-21: 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 Regional Control Centre (RCC) where all the Fire 999 calls for Northern Ireland are answered and Fire Crews mobilised to respond.

NIFRS has 67 Fire Stations across Northern Ireland plus one additional satellite station location in Dunmurry. These utilise a variety of crewing models using Wholetime, On-Call and Volunteer Firefighters.



1 Performance Report (continued)

1.1 Performance Overview (continued)

Vision, Purpose, Values & Strategic Outcomes

During 2021-22 our Vision, Purpose, Values & Strategic Outcomes Statements influenced all we did as an organisation. 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 & 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 Performance Report (continued)

1.2 Performance Analysis

Reporting on Performance Indicators

NIFRS report performance against 6 Strategic Outcomes covering the areas of Transformation; Service Delivery; People, Governance & Performance; Financial Management; and Asset Management. These Strategic Outcomes are underpinned by 21 Strategic Performance Indicators as detailed below. These outcomes and indicators were developed to align and support the delivery of the draft Programme for Government (PfG) outcomes and as such, NIFRS will focus on activities which help deliver the 14 PfG outcomes.

Strategic Outcome	SPI No.	Strategic Performance Indicators
1 Transformation	SPI 1	Complete a baseline assessment against the areas of efficiency, effectiveness and people.
2 Service Delivery	SPI 2	Number of fatalities in accidental dwelling fires Target - reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline.
	SPI 3	Number of accidental dwelling fires Target - 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 Target - 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 Target - reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline.
	SPI 6	Number of deliberate secondary fires Target - 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 6 mins; Medium 12 mins; and Low 21 mins; and 2nd Appliance - High 9 mins; Medium 15 mins; and Low 24 mins.
	SPI 9	Measure first appliance in attendance, from time of call, based on the crewing of the Station area to which crews are mobilised Target – Wholtime 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%.
	3 People	SPI 11a
SPI 11b		Reduced number of On-Call shifts lost per person Target - Reduce by 5% year-on-year from 2020/21 baseline.

1 Performance Report (continued)
1.2 Performance Analysis (continued)
Reporting on Performance Indicators (continued)

Strategic Outcome	SPI No.	Strategic Performance Indicators
3 People	SPI 12	Increased % of females in the operational workforce Target – 0.5% year-on-year increase from 2020/21 baseline.
	SPI 13	Full annual attainment of compliance against training figures set out in the Operational Competence Framework (OCF) and related policies.
4 Governance & Performance	SPI 14	Reduction in - (a) the numbers of new recommendations Target - 20% reduction year-on-year from 2020/21 baseline (measured quarterly); and (b) the numbers of outstanding recommendations Target - 20% reduction year-on-year from baseline as at 1 April 2021 (measured annually).
	SPI 15	Achieve full compliance with DoH governance requirements and specified timelines.
5 Financial Management	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.
6 Asset Management	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 - 90%
	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). Achievements reported at end of September (Q2) and end of March (Q4).

During 2021-22 competing priorities linked in part to the management and maintenance of service delivery during the Covid-19 pandemic impacted on the achievement of 11 (52%) of the defined Strategic Performance Indicators as detailed below -

Strategic Performance Indicators	Target / Average Baseline	2019-20	2020-21	2021-22
SPI 1 - Complete a baseline assessment against the areas of efficiency, effectiveness and people.	RAG Rating Reported Annually	N/A	Red	Red
SPI 2 - Number of fatalities in accidental dwelling fires Target - reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline.*	Baseline: 6.8 Target: 6.5	3	8	8
SPI 3 - Number of accidental dwelling fires Target - reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline. *	Baseline: 830.4 Target: 797.2	782	761	714
SPI 4 - Number of injuries in accidental dwelling fires** Target - 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).	Baseline: 86.4 Target: 82.9	63	83	54

1 Performance Report (continued)
1.2 Performance Analysis (continued)
Reporting on Performance Indicators (continued)

Strategic Performance Indicators	Target / Average Baseline	2019-20	2020-21	2021-22
SPI 5 - Number of deliberate primary fires Target - reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline. *	Baseline: 1,209.2 Target: 1,160.8	1,027	919	866
SPI 6 - Number of deliberate secondary fires Target - reduce by 2% year-on-year (10% reduction by 2025) from the 5 year average baseline. *	Baseline: 4,771.6 Target: 4,580.7	3,834	4,648	4,780
SPI 7 - Number of attacks causing injury to personnel Target - 0 attacks causing injury to personnel - benchmark 5 year baseline.*	Target: 0	4	1	2
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 6 mins; Medium 12 mins; and Low 21 mins; and 2nd Appliance - High 9 mins; Medium 15 mins; and Low 24 mins.	Response Area Targets 1st Appliance High 75% 6 min Medium 75% 12 min Low 75% 21 min 2nd Appliance High 75% 9 min Medium 75% 15 min Low 75% 24 min	52.5% 69.0% 91.5% 60.1% 62.4% 87.0%	46.4% 72.4% 90.1% 58.2% 63.4% 84.2%	46.3% 69.9% 91.7% 56.0% 63.5% 86.0%
SPI 9 - Measure first appliance in attendance, 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.	Target: WT 90% in 10 mins OC 90% in 20 mins	N/A	WT: 84.5% OC: 91.2%	WT: 84.3% OC: 91.4%
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%.	Baseline: 14% Target: 60%	14%	18%	40%
SPI 11a - Reduced number of WT, RCC & Support shifts lost per person Target - Reduce by 5% year-on-year from 2019/20 baseline.	Baseline: 16.6 Target: 15.0	16.6	9.4	14.2
SPI 11b - Reduced number of On-Call shifts lost per person Target - Reduce by 5% year-on-year from 2020/21 baseline.	Baseline: N/A Target: 19.9	N/A	N/A	27.57
SPI 12 - Increased % of females in the operational workforce Target – 0.5% year-on-year increase from 2020/21 baseline.	Baseline: 5.22% Target: 5.72%	N/A	5.22%	5.98%

1 Performance Report (continued)
1.2 Performance Analysis (continued)
Reporting on Performance Indicators (continued)

Strategic Performance Indicators	Target / Average Baseline	2019-20	2020-21	2021-22
SPI 13 - Full annual attainment of compliance against training figures set out in the Operational Competence Framework (OCF) and related policies.	WT Target: 100% OC Target: 100%	N/A	WT: 69% OC: 57%	WT: 58.0% OC: 50.8%
SPI 14 - Reduction in - (a) the numbers of new recommendations Target - 20% reduction year-on-year from 2020/21 baseline (measured quarterly); and (b) the numbers of outstanding recommendations Target - 20% reduction year-on-year from baseline as at 1 April 2021 (measured annually).	Baseline: New 92 Outstanding 107 Target: New 73.6 Outstanding 85.6	N/A	New: 92 Outstanding: 107	New: 42 Outstanding: 100
SPI 15 - Achieve full compliance with DoH governance requirements and specified timelines.	Target: Full Attainment	N/A	Green	Green
SPI 16 - By 31st March each year, to achieve financial breakeven target of +/- 0.25%.	RAG Rating. Reported Annually.	N/A	Green	Green
SPI 17 - Achieve and maintain prompt payment target of 95% invoices paid within 30 days and 75% within 10 days.	Target: 75% in 10 days 95% in 30 days	N/A	10 Days: 91.8% 30 Days: 97.7%	10 Days: 93.6% 30 Days: 97.9%
SPI 18 - % of actual fleet & engineering inspections versus planned inspections Target -100%	Target: 100%	N/A	83%	66%
SPI 19 - % of actual Planned Preventative Maintenance (PPM) inspections versus scheduled PPM inspections (monthly) Target - 90%	Target: 90%	N/A	99%***	92.0%
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). Achievements reported at end of September (Q2) and end of March (Q4).	RAG Rating. Reported Annually.	N/A	Green	N/A

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 2020-21 or 2021-22 – historical information not available

Following the lessening and subsequent removal of Covid-19 restrictions NIFRS are taking corrective action within the 2022-23 Business Plan.

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Reporting on Performance Indicators (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 ⁽¹⁾	2019-20	2020-21	2021-22	% change from 2020-21 & 2021-22 ⁽³⁾
Regional Control Centre				
999 Calls managed by RCC*	32,895	33,163	36,711	+10.7%
Incidents Mobilised	22,238	22,390	23,710	+5.9%
Hoax Calls Received	912	630	882	+40.0%
Mobilisations to Hoax Calls	404	316	435	+37.7%
Response Activity				
Primary Major Fires Mobilised ⁽²⁾	2,731	2,510	2,577	+2.7%
Deliberate Primary Fires	1,027	919	866	-5.8%
Accidental Dwelling Fires	782	761	714	-6.2%
Accidental Dwelling Fire Fatalities	3	8	8	0.0%
Accidental Dwelling Fire Fatalities – People at Risk	1	7	7	0.0%
Major Fire Rescues	34	39	54	+38.5%
Major Fire Casualties	421	343	353	+2.9%
Road Traffic Collisions Mobilised	737	528	680	+28.8%
Road Traffic Collision Fatalities (only at RTCs NIFRS mobilised to)	33	27	30	+11.1%
Road Traffic Collision Rescues	45	33	32	-3.0%
Road Traffic Collision Casualties	1,069	687	1,000	+45.6%
Special Service Calls Mobilised (Excludes RTCs)	2,282	2,236	2,665	+19.2%
Special Service Call Fatalities (Excludes RTCs)	32	35	57	+62.9%
Special Service Call Rescues (Excludes RTCs)	749	649	872	+34.4%
Special Service Call Casualties (Excludes RTCs)	509	456	540	+18.4%
Gorse Fires (Secondary)	1,189	1,913	1,940	+1.4%
Secondary Fires – Other ⁽²⁾	2,935	3,263	3,340	+2.4%
False Alarms due to Alarm Systems	9,179	8,471	9,089	+7.3%

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Reporting on Performance Indicators (continued)

Reporting on Service Delivery Statistics (continued)

Performance Measurement ⁽¹⁾	2019-20	2020-21	2021-22	% change from 2020-21 & 2021-22 ⁽³⁾
Protection Activity				
Fire Safety Audits	706	522	1,183	+126.6%
Prevention Activity				
Home Fire Safety Checks	6,980	3,039	3,894	+28.1%
Smoke Alarms Fitted During HFSC	7,520	3,025	4,348	+43.7%
Strategically Targeted Areas of Risk (STAR) ⁽⁴⁾⁽⁵⁾	19,660**	15,937	5,093	-68.0%

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. Methodology remained unchanged in 2021-22.

(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

(5) STAR2 implemented in 2021-22 and visits conducted when Covid restrictions permitted.

Reporting on Service Delivery Statistics - Prevention Activities

Prevention Theme	Activity	2019-20		2020-21		2021-22	
		Events	Reach	Events	Reach	Events	Reach
Fire Safety in the Home	Leaflets	1,071	34,924	2,552	4,934	151	6,851
	Youth Engagement	254	10,500	28	397	41	941
	Safety Team	555	19,737	155	3,576	836	27,651
	Chip Pan Demos	3	5,500	0	0	0	0
	Community Safety Vehicle						
	Bee Safe	40	3,572	3	638	3	130
	Event/Exhibition	83	7,261	1	0	34	995
	Talks	89	3,322	7	11	21	190
People at Risk	Leaflets	441	10,535	2,176	26,441	204	1,898
	Partnership Development	35	374	7	185	9	75

1 Performance Report (continued)
1.2 Performance Analysis (continued)
Reporting on Performance Indicators (continued)

Reporting on Service Delivery Statistics - Prevention Activities (continued)

Prevention Theme	Activity	2019-20		2020-21		2021-22	
		Events	Reach	Events	Reach	Events	Reach
People at Risk (continued)	Talks	155	2,955	20	300	52	969
	Events/Exhibitions	27	3,935	2	0	29	1,614
	Replacement Smoke Alarms	273		79		137	
	Home Fire Safety Checks	6,980		3,039		3,894	

1 Performance Report (continued)

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 - Complete a baseline assessment against the areas of efficiency, effectiveness and people.

2021-22 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, 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 Northern Ireland 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 a number of project areas as follows:

- 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.

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 1 – Transformation (continued)

Service Delivery Modelling (continued)

- Co-Terminus District Structures – Our aim is to deliver a more effective and efficient District 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.

Work in each of these project areas has progressed during 2021-22.

To support the redesign process we generated an updated Operational Risk Profile during 2021-22 and this will be used to inform the Community & Integrated Risk Management Plan (CIRMP) which will be developed in 2022-23.

It is anticipated that the full outworking and direction of travel as detailed in a CIRMP will be available for key stakeholder consideration in 2022-23.

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 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 1 – Transformation (continued)

People & Culture (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 was implemented 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.

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

Systems & Processes (continued)

- 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.
- 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 2021-22 the Data Processing & Analysis Hub (DPAH) worked closely with IT colleagues to deliver the Data Warehouse Project Pilot. This pilot has 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 2022-23.

Work in each of the other project areas has progressed during 2021-22 and it is anticipated that the full outworking, including Business Cases as applicable, will be available for further Board consideration in 2022-23.

1 Performance Report (continued)

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 6 mins; Medium 12 mins; and Low 21 mins; and 2nd Appliance - High 9 mins; Medium 15 mins; and Low 24 mins).
- SPI 9 - Measure first appliance in attendance, 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%).

2021-22 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 2021-22 RCC received 36,711 emergency calls (a 10.7% increase from 2020-21).

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 2 – Community Risk Management (continued)

Response

We have 67 Fire Stations across Northern Ireland plus one additional satellite station location in Dunmurry (2020-21: 68), 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 2021-22 fire crews responded to a total of 23,710 emergency incidents across Northern Ireland (a 5.9% increase compared to 2020-21). We also attended a total of 5,280 Secondary Fires, an increase of 2% on 2020-21; 1,940 of these were gorse incidents (2020-21: 1,913).

In the period 1 April 2021 – 31 March 2022 fire crews also attended 680 road traffic collisions (RTCs), a 28.8% increase in RTCs attended compared to 2020-21.

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 affect 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.

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 2 – Community Risk Management (continued)

Resilience (continued)

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.

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 NI (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 pre-planning 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 2021-22 at those people considered to be at greatest risk - those aged 50 or older; or anyone with an impaired mobility.

Through the People at Risk Strategy 431 (2020-21: 2,284) activities were completed reaching an audience of 4,556 (2020-21: 26,926). These activities included leaflet drops, talks, events and exhibitions.

Between 1 April 2021 and 31 March 2022, Firefighters carried out 3,894 free Home Fire Safety Checks (an increase of 28.1% on the 3,039 checks undertaken in 2020-21) and fitted 4,348 (an increase of 43.7% from a baseline of 3,025 in 2020-21) smoke alarms.

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 2 – Community Risk Management (continued)

Prevention – Targeted Interventions (continued)

Through other engagement in relation to fire safety in the home, we completed 1,086 activities (2020-21: 2,746), including leaflet drops, youth engagement, Safety Team, events/exhibitions and talks, reaching an audience of 36,758 (2020-21: 9,556).

During 2021-22 NIFRS introduced Phase 2 of the Strategically Targeted Areas of Risk (STAR2) initiative. When Covid-19 restrictions permitted, crews were able to directly contact 5,093 homes identified in this initiative as being more at risk from fire in the home. 1,607 occupiers received specific home fire safety advice, and a further 2,530 homes received Home Fire Safety leaflets and literature.

Collaboration and Partnership

NIFRS has 114 live partnerships (2020-21: 112) across the voluntary and statutory sector. During 2021-22 this work continued with partner agencies, to reduce risk within our communities through Prevention work, and ensure a co-ordinated response to operational incidents.

Fire Safety Volunteers

During 2021-22, due to the Covid-19 pandemic, NIFRS volunteering programme remained temporarily suspended with no new volunteers recruited. Currently, NIFRS has 30 active volunteers registered across 4 locations – Londonderry, 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 delivery of the 2021-22 Fire Cadet Scheme was impacted by the Covid-19 pandemic, however it is hoped that the programme will run as normal during 2022-23.

Road Safety

Our Road Safety Strategy 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 2021-22 fire crews attended 680 road traffic collisions (RTCs), (a 28.8% increase from 528 road traffic collisions in 2020-21). 30 people (2020-21: 27 increase of 11.1%) tragically lost their lives at RTCs attended by NIFRS (45 RTC fatalities in total in 2021-22 (2020-21: 53) – source: PSNI Website).

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 2 – Community Risk Management (continued)

Prevention – Road Safety (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 2021-22, NIFRS carried out 1,183 Fire Safety audits in non-residential premises (2020-21: 522 Fire Safety audits) under the Fire Safety Legislation. Two Enforcement Notices (2020-21: 1 Enforcement Notice) and 3 Prohibition Notices (2020-21: no Prohibition Notice) were issued to premises not compliant with the required fire safety standards.

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 Performance Report (continued)

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 11a - Reduced number of WT, RCC & Support shifts lost per person (Target - Reduce by 5% year-on-year from 2019/20 baseline).
- SPI 11b - Reduced number of On-Call shifts lost per person (Target - Reduce by 5% year-on-year from 2020/21 baseline).
- SPI 12 - Increased % of females in the operational workforce (Target – 0.5% year-on-year increase from 2020/21 baseline).
- SPI 13 - Full annual attainment of compliance against training figures set out in the Operational Competence Framework (OCF) and related policies.

2021-22 HIGHLIGHTS

Resourcing

NIFRS Resourcing Team delivered a busy programme of recruitment and selection throughout 2021-22 with recruitment processes completed for Executive Leadership Team (ELT), Operational, Regional Control Centre (RCC) and Support employees. The Resourcing Team continued to deliver recruitment and selection processes throughout the Covid-19 pandemic and increased the number of recruitment processes delivered in 2021-22.

Appointments/Promotions

Role	2020-21 Appointments	2021-22 Appointments
Chief Fire & Rescue Officer *	0	1
Deputy Chief Fire & Rescue Officer *	0	1
Assistant Chief Fire & Rescue Officer (includes Secondments) *	0	1
Director of Service Delivery (includes Secondments)*	1	0
Director of Corporate Services*	0	1
Area Commanders (includes Secondments)	1	0
Group Commanders (includes Secondments)	14	2
Station Commanders (includes Secondments)	0	12
Watch Commanders (includes Secondments)	0	59
Crew Commanders (includes Secondments)	0	40
RCC Group Commander (A) (includes Secondments)	0	1
RCC Station Commanders (includes Secondments)	3	2
RCC Watch Commanders (includes Secondments)	2	1
RCC Crew Commanders (includes Secondments)	3	1
Firefighters – Wholetime (Full-Time)	41	40
On-Call Crew Commanders	0	29
On-Call Watch Commanders	0	10
Firefighters – On-Call	122	43
Support Roles	27	19

* Executive Leadership Team (ELT) appointment

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 3 – People (continued)

Firefighter Recruitment

During the year, 37 new Wholetime Firefighters were appointed from the reserve list relating to the recruitment exercise completed in 2020-21 (2020-21: 27). These new Wholetime Firefighters entered our Learning & Development Centre in January 2022.

Trainee Firefighter Course 01/2022 was made up of 30 (2020-21: 22) new Firefighters and 7 (2020-21: 5) are previously On-Call Firefighters who have trained to become Wholetime Firefighters. The 30 (2020-21: 22) new Firefighters completed 18 weeks of training, and the 7 (2020-21: 5) On-Call to Wholetime group completed 9 weeks.

19% (7) of Trainee Firefighter Course 01/2022 were female (2020-21: 11.1% (3)).

We also appointed 43 On-Call Firefighters during 2021-22 (2020-21: 122).

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 1 year and during 2021-22 we commenced our re-accreditation journey with final assessment scheduled for early in 2022-23.

Employee Engagement and Recognition

NIFRS has a substantive workforce of 1,990 people spread over 77 sites (Stations, Districts, Areas, Service Support Centre, 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 2021-22 these included Executive Leadership Team employee engagement sessions; leadership conferences and periodic e-bulletin communications.

Cognisant of the challenges of blended working, a number of Executive Leadership Team Employee Engagement sessions took place during 2021-22. This provided all employees with the opportunity to engage with management in a virtual environment and to receive updates.

During March 2022 we hosted our second virtual Leadership Conference entitled 'Forward Together'. This was aimed at employees with responsibility for managing people and teams and the guest speakers provided a valuable insight into team working.

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 3 – People (continued)

Employee Engagement and Recognition (continued)

The Covid-19 pandemic meant that we were unable to host our annual Employee Awards 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

An organisation-wide Attendance Management Project, resulting in an overarching review of policy, procedures and systems, concluded during 2021-22.

An internal audit into the area of Absence Management took place in-year and sought assurances that –

- Effective procedures were in place for managing absence;
- Absence management is appropriately reported in NIFRS;
- Absence is appropriately managed in line with the Attendance Management Policy; and
- Staff are appropriately trained in absence management.

Satisfactory assurance was received on the basis that ‘a significant amount of work has been undertaken to improve the absence management process across NIFRS, which was evident in Internal Audit’s review of the current control framework. Attendance since the last audit has improved; a new policy for absence management has been developed; training uptake has increased; and performance reporting on absence has improved, albeit there remain some limitations and Management are in the latter stages of the implementation of the new PAMS system’.

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 3 – People (continued)

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.

Whilst there is more to do, NIFRS has set a target to increase its percentage of females in the operational workforce by 0.5% year-on-year. During 2021-22 we achieved this target and by 31 March 2022, 5.98% of our operational workforce is female (2020-21: 5.22%).

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 2 years.

Learning & Development

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, was operational throughout 2021-22 after being launched in March 2021.

LMS supports learning and offers a 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 continues to be developed and will 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.

1 Performance Report (continued)
1.2 Performance Analysis (continued)
Strategic Outcome Overview (continued)
Strategic Outcome 3 – People (continued)

Operational Training (continued)

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 Performance Report (continued)

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 -
(a) The numbers of new recommendations (Target - 20% reduction year-on-year from 2020/21 baseline (measured quarterly)); and
(b) The numbers of outstanding recommendations (Target - 20% reduction year-on-year from baseline as at 1 April 2021 (measured annually)).
- SPI 15 - Achieve full compliance with DoH governance requirements and specified timelines.

2021-22 HIGHLIGHTS

Planning Process Review

During 2021-22 we used our Vision, Purpose, Values and Strategic Outcome statements 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 2021-22 was presented to and approved by the NIFRS Board and DoH. This Plan was operational throughout 2021-22 and results are now reported on bi-monthly basis to the NIFRS Board and other key stakeholders.

Risk Management Process Review

In early 2021 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 and presented at a NIFRS Board Workshop on 22 March 2021. This document became live on 1 April 2021 and has been maintained on a live basis ever since.

The Strategic Risk Register is held within a SharePoint site.

The Strategic Risk Management Policy and Procedure were revised during 2021-22 and were implemented in July 2021 following Board approval.

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 4 – Governance & Performance (continued)

Board Governance Review

During 2021-22 all Standing Committees were regulated by Terms of Reference approved by the NIFRS Board in September 2020 and information flows approved in November 2020.

The Standing Orders; Scheme of Delegation; and Standing Financial Instruction documents were reviewed during 2021-22 and approved by the NIFRS Board.

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:

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

These revised documents went live on 12 March 2022.

Business Improvement Recommendations

Throughout 2021-22 we continued to implement the 14 (2020-21: 13) Business Improvement Projects.

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;
- 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 2021-22. A review of the implementation of previous priority one and priority 2 Internal Audit

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 4 – Governance & Performance (continued)

Business Improvement Recommendations (continued)

recommendations was carried out at mid-year and again at year-end. At year-end, 76% (2020-21: 78%) out of the outstanding recommendations examined were fully implemented, and a further 24% were partially or not yet implemented (2020-21: 22%).

At year-end the only historical recommendations moving into 2022-23 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.

During 2021-22 we implemented 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.

Significant progress was made in-year and the Information Team recognises the need for continual improvement with a focus on Information Asset Registers and training to close outstanding Business Improvement Recommendations.

Complaints

NIFRS records Customer Charter Complaints and outcomes. During 2021-22 we received 52 complaints broken down as follows:

	2020-21	2021-22
Complaints Total	37	52
Formal	2	3
Informal	35	49

During 2021-22 all complaints were investigated under the Customer's Charter Complaints Procedure which contains the following escalation protocol:

- 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.

1 Performance Report (continued)
1.2 Performance Analysis (continued)
Strategic Outcome Overview (continued)
Strategic Outcome 4 – Governance & Performance (continued)

Complaints (continued)

- 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 2021-22 the Customer Complaints Policy & Procedure was revised and approved by the Audit, Risk & Governance Committee. This new Policy & Procedure, which has a focus on service delivery complaints, went live on 12 March 2022. Any other complaints received will be managed under a separate NIFRS policy and/or procedure.

1 Performance Report (continued)

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.

2021-22 HIGHLIGHTS

Financial Performance

The opening 2021-22 budget allocations from DoH were £80.1m (2020-21: £79.4m) in respect of revenue and £11.5m (2020-21: £8.4m) for capital. The final budget allocation, excluding non-cash expenditure, was £86.2m (2020-21: £82.8m) in respect of revenue and £8.3m (2020-21: £8.3m) for capital.

During 2021-22 we monitored expenditure against an overall financial key performance breakeven target of 0.25% of revenue allocation and regularly reported on monthly financial outcomes to the NIFRS Board - we achieved 0.00% (£nil under/over spend) (2020-21: (0.01)%).

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

We are committed to providing the best value Fire and Rescue Service to the public. Our overall costs per head of population increased by 4.0% to £45.49* for 2021-22 (£43.73 in 2020-21) (*calculated using the net expenditure that scores against the annual revenue budget divided by Northern Ireland Statistics and Research Agency 2020 mid-year population estimate of 1.895 million people) however the need to effectively manage our resources remains a priority.

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 table overleaf:

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

Long-Term Expenditure Trends (Audited Information) (continued)

	2019-20 £000	2020-21 £000	2021-22 £000
Net expenditure	80,097	82,848	86,195
RRL (excludes non-cash expenditure)	80,219	82,837	86,195
Break even position (%)	0.11%	-0.01%	0.00%
Net Capital expenditure			
	7,364	8,301	8,256
CRL	7,364	8,326	8,301
(Underspend)/overspend against CRL	-	(25)	(45)
Firefighter pension liability			
	1,009,140	1,091,480	1,234,290
Re-measurement gains/losses	(108,025)	(55,687)	(117,101)

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. Legislation came into force on 1 April 2022 which means that all those members who continue in service will do so as members of the reformed schemes, regardless of age, meaning all members will be treated equally in terms of which pension scheme they are a member. This is known as the Prospective Remedy. The

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 5 – Financial Management (continued)

Pensions (continued)

legislation for Retrospective Remedy which will enact the deferred choice is not expected to come into force until 2023.

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

During 2021-22, working with the software provider and BSO, we implemented new pensions software before a hard handover date of 1 October 2021. BSO are now processing all pension calculations and have quality assured all manual calculations processed from December 2014 to 30 September 2021.

Covid-19 Expenditure

NIFRS received a ring-fenced allocation of £1.6m in 2021-22 to fund Covid-19 related costs. These costs included Personal Protective Equipment (PPE), additional cleaning and additional staff costs driven largely by staff absences. The total spend on Covid-19 related costs in 2021-22 was £2.2m. The ring-fenced allocation of £1.6m was supplemented by mainstream funding.

EU Exit Expenditure

NIFRS did not receive any funding related to EU Exit during 2021-22 and no significant additional expenditure was incurred.

1 Performance Report (continued)

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.
- 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). Achievements reported at end of September (Q2) and end of March (Q4).

2021-22 HIGHLIGHTS

Investment in Fleet

Fleet & Engineering Services completed the 2021-22 Capital Procurement Plan, this resulted in the delivery of 11 pumping appliances (2020-21: 17), 1 Dim Vehicle (2020-21: 0) and 2 MTA (2020-21: 0) Appliances during the year.

Stock & Asset Management System

During 2021-22 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 2021-22, the Covid-19 pandemic and related travel restrictions impacted on User Acceptance Testing, resulting in an implementation delay.

Phase 1 of the new SAM System went live on 22 April 2021; and work is ongoing with elements of Phase 2. Phase 2 will encompass recommendations and improvements made following a 2021-22 Internal Audit in this area.

Building for the Future - Capital Investment

In June 2021 we received planning approval from Mid Ulster Council for the final phase of our Learning & Development Centre (LDC) outside Cookstown. The £42.1m investment is a Northern Ireland Executive flagship project and represents the largest capital build ever undertaken by NIFRS. The facilities will revolutionise how NIFRS trains and develops its people to protect everyone in Northern Ireland and further professionalise the Service.

Plans for Phase 2 include the building of a specialist driving and road traffic collision training area, a training environment for collapsed buildings and below ground rescue, a flood water

1 Performance Report (continued)

1.2 Performance Analysis (continued)

Strategic Outcome Overview (continued)

Strategic Outcome 6 – Asset Management (continued)

Building for the Future - Capital Investment (continued)

rescue training facility and a “call out village” which will include a bungalow, a semi-detached dwelling and a detached dwelling. These will provide Firefighters with ‘real life’ complex training experiences and will complement the existing Tactical Firefighting Facility on the site which opened in September 2019 as Phase One of the project.

Larne Fire Station extension and refurbishment was completed and became operational in March 2022 as were refurbishment works at Ballynahinch and Pomeroy. Refurbishment works are due to commence at both Carrickfergus Fire Station and Carnlough Fire Station in early 2022-23.

Cushendall Replacement Fire Station Business Case was approved by the Department of Health in March 2022 and works will commence in early 2022-23.

Sustainability and Energy Management

NIFRS is currently reviewing energy management and sustainability protocols in terms of emissions; waste usage and management; biodiversity; and climate change. This review will continue into 2022-23.

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 is 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 (Building Research Establishment 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.
- Ink cartridges and vehicle oils are currently recycled through the supplier network.
- Additionally, during 2022-23 the Fleet & Engineering Services Department will be scoping the ability to add electric vehicles and the supporting estate 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 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.

1 Performance Report (continued)
1.2 Performance Analysis (continued)
Strategic Outcome Overview (continued)
Strategic Outcome 6 – Asset Management (continued)

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 2021-22.

Significant work was undertaken to strengthen and enhance our IT infrastructure, systems and resilience to support projects.

Signed: 

Accounting Officer

Date: 19 October 2022

2 Accountability Report

2.1 Corporate Governance Report

Directors' Report

Overview

The following Directors Report provides a high level overview of how NIFRS have managed and monitored the following key areas during 2021-22:

- Changes in organisational responsibility within the NIFRS Board and its Executive Team;
- Declared of interests and how these link to the Related Party Transactions note;
- Personal Data Incidents detected in year;
- Pension Schemes in operation within NIFRS;
- Charitable donations;
- Compliance with Better Payments Practice Code and Government Accounting rules; and
- Auditor relationship, remuneration and reporting.

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:

- Mr Michael Graham left the Board on 1 September 2021 and was replaced by Mr Peter O'Reilly; and
- Mr Gordon Smyth left the Board on 6 October 2021.

Membership of NIFRS Board as at 31 March 2022:

- Ms Carmel McKinney – Chairperson;
- Mr Peter O'Reilly – 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; and
- Ms Lindsey Smith.

As part of a Board Governance Review, Standing Orders, Scheme of Delegation and Standing Financial Instructions were revised during 2021-22.

Following the departure of Mr Gordon Smyth the Financial Non-Executive Member, the Public Appointments Unit (PAU) commenced a recruitment exercise which was ongoing at year-end.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Directors' Report (continued)

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 2022 comprised of the following:

- Mr Peter O'Reilly – Chief Fire & Rescue Officer (Accounting Officer);
- Mr Paul Harper, Deputy Chief Fire & Rescue Officer (Director of Operations);
- Mr Aidan Jennings, Assistant Chief Fire & Rescue Officer (Director of Operations Delivery);
- Ms Paula White, Director of Corporate Services; and
- Mrs Donna O'Connor, Acting Director of Human Resources.

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

- The Chief Fire & Rescue Officer/Accounting Officer role was held by the following during 2021-22:
 - Mr Michael Graham (1 April to 1 September 2021); and
 - Mr Peter O'Reilly (1 September 2021 to 11 June 2022); and
 - Mr Andy Hearn (13 June 2022 onwards).
- The Deputy Chief Fire & Rescue Officer role was established within the revised ELT structure. After a competitive recruitment process, Mr Paul Harper was appointed into this role from 23 March 2022.
- The Assistant Chief Fire & Rescue Officer (Transformation, Performance & Governance) role was removed from the structure in November 2021. The role was held by Mr Mark Deeney on a secondment basis from 1 April 2021 to 22 November 2021.
- The Assistant Chief Fire & Rescue Officer (Service Delivery) role was removed from the revised structure in-year. The role was held by Mr Paddy Gallagher on a secondment basis from 1 April 2021 to 22 March 2022.
- The Assistant Chief Fire & Rescue Officer (Service Delivery) role was re-designated within the revised structure and became Assistant Chief Fire & Rescue (Operations Delivery). After a competitive recruitment process, Mr Aidan Jennings was appointed into this role from 23 March 2022. Mr Jennings previously held the role of Assistant Chief Fire & Rescue Officer (Service Support) on a secondment basis from 1 April 2021 to 22 March 2022.
- The Director of Finance role was re-designated within the revised structure and became the Director of Corporate Services. After a competitive recruitment process, Ms Paula White was appointed into this role from 1 March 2022. Ms White was Interim Director of Finance from 1 April 2021 to 28 February 2022.
- The Director of Human Resources role was held by Mrs Donna O'Connor throughout 2021-22.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Directors' Report (continued)

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 (2020-21: none).

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 13 potential personal data breaches investigated during 2021-22 (2020-21: 5) all of which were investigated and as necessary referred to the ICO. No ICO action was taken in any instance (2020-21: none).

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 2 to the Statement of Accounts and additional information is set out in Accounting Policy.

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 2021-22 (2020-21: £Nil).

Prompt Payment

DoH requires that NIFRS pays their trade creditors in accordance with the Better Payments Practice Code and Government Accounting rules. In 2021-22 NIFRS paid 97.9% of trade creditors within the 30 day target (2020-21: 97.7%) and 93.6% of trade creditors within the 10 day target (2020-21: 91.8%). Full details are disclosed in Note 13 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

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Directors' Report (continued)

Disclosure of Information to Auditor (continued)

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. She is the Head of the Northern Ireland Audit Office (NIAO) and she and her staff are wholly independent of NIFRS, reporting their findings to the NI Assembly.

The cost of the audit for the year ended 31 March 2022, which pertained solely to the audit of the Annual Accounts, was £56k (2020-21: £56k).

Certificate of Accounting Officer

I certify that the Annual Report & Statement of Accounts and Notes to the Accounts (Operating Accounts, pages 89 - 141; Pension Accounts, pages 142 - 185) 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: 
Accounting Officer

Date: 19 October 2022

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Statement of Accounting Officer's Responsibilities

Under Schedule 1, Para 15(2) of The Fire and Rescue Services (Northern Ireland) Order 2006, the Department of Health has directed 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 financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of NIFRS and of its income and expenditure, statement of financial position, changes in taxpayer's equity and cash flows for the financial year.

In preparing the financial statements the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FRoM) 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 FRoM have been followed, and disclose and explain any material departures in the Accounts;
- Prepare the Accounts on a going concern basis, unless it is inappropriate to presume that the HSC body will continue in operation; 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 the Department of Health as Principal Accounting Officer for Health and Social Care Resources in Northern Ireland has designated Andy Hearn of NIFRS as the Accounting Officer for NIFRS. The responsibilities of an Accounting Officer, including responsibility for the regularity and propriety 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 formal letter of appointment of the Accounting Officer issued by the Department of Health, Chapter 3 of Managing Public Money Northern Ireland (MPMNI) and the HM Treasury Handbook: Regularity and Propriety.

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 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22

1 INTRODUCTION/SCOPE OF RESPONSIBILITY

The Board of the Northern Ireland Fire & Rescue Service (NIFRS) is accountable for internal control. As Accounting 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 2021-22 the appointed Accounting Officer fully complied with the Accounting Officer Memorandum.

During 2021-22 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 114 People at Risk Partnerships (2020-21: 112) and 70+ Road Safety Partnerships (2020-21: 70+) agreed and in place.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

1 - Introduction/Scope of Responsibility (continued)

Partnership Working (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 its collaboration and effective partnership working with partner emergency services through the combined delivery of the Joint Emergency Services Interoperability Principles (JESIP).

Budget Position and Authority

The Assembly passed the Budget Act (Northern Ireland) 2022 in March 2022 which authorised the cash and use of resources for all departments and their Arms' Length Bodies for the 2021-22 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2022 also included a Vote on Account which authorised departments' and their Arms' Length Bodies' access to cash and use of resources for the early months of the 2022-23 financial year.

The cash and resource balance to complete for the remainder of 2022-23 will be authorised by the 2022-23 Main Estimates and the associated Budget Bill based on an agreed 2022-23 Budget. In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash and the use of resources during the intervening period.

EU Exit

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

Throughout 2021-22 NIFRS liaised 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 continues to engage with Republic of Ireland (RoI) colleagues regarding any potential impacts which EU exit might have on existing cross-border response arrangements; and data sharing.

Covid-19

The Covid-19 pandemic continued to impact on how NIFRS delivered its services during 2021-22.

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. During 2021-22 these measures included a number of partial societal lockdowns and circuit breakers, and public sector bodies like NIFRS continued to discharge their roles and responsibilities in a new operating environment.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

1 - Introduction/Scope of Responsibility (continued)

Covid-19 (continued)

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.

At the beginning of the pandemic a number of Command & Control structures were established as follows –

- 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. During 2021-22 Covid-19 decision making became an agenda item for consideration by ELT in normal session.
- 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. During 2021-22 Covid-19 updates and decision making became a normal agenda item for consideration by the full NIFRS Board during ordinary Board Meetings.

During 2021-22 the Gold Command Group and subsequently ELT worked closely with response teams established within DoH; Civil Contingencies Group Northern Ireland (CCGNI); other blue light agencies within Northern Ireland – Police & Ambulance; and sector specific groups lead by the National Fire Chiefs Council (NFCC) to ensure a consistency of approach.

Contingency arrangements were implemented as required during 2021-22 to deal with peaks and troughs in transmission rates. A Covid Silver-Cell managed day to day business continuity arrangements and ensured that agreed Covid-19 precautions such as track and trace and site cleaning took place. This was disbanded on 31 March 2022.

During 2021-22 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.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

2 – Compliance with Corporate Governance Best Practice (continued)

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 was scheduled to take place during 2021-22 but was deferred to 2022-23.

3 GOVERNANCE FRAMEWORK

In discharging this accountability, Board Members and Senior Officers are responsible for putting in place proper arrangements for the governance of NIFRS' affairs and the stewardship of the resources at its disposal. To this end, NIFRS has approved and adopted a Corporate Governance Framework which is consistent with the principles and reflects the requirements of the Good Governance Standard for Public Services.

The Corporate Governance Framework is underpinned by a number of documents including but not limited to:

- NIFRS Standing Orders;
- NIFRS Standing Financial Instructions;
- NIFRS Scheme of Delegation;
- 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 2022 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

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
3 – Governance Framework (continued)

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 2021-22, there were no new appointees but the Finance Non-Executive Member (NEM) role became vacant following a Member resignation on 6 October 2021.

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.

Board attendance and performance are reviewed annually as part of the Board Appraisal process. All Board Meetings were quorate. Attendance at each of the 13 Board Meetings during 2021-22 is shown overleaf:

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
3 - Governance Framework (continued)

NIFRS Board (continued)

Meeting Date	Bonnie Anley	Jonathan Craig	Cadogan Enright	Michael Graham (3)	Ken Henning	Robert Irvine	Carmel McKinney	Thomas O'Hanlon	Jim Quinn	Peter O'Reilly (4)	Hilary Singleton	Lindsey Smith	Gordon Smyth (5)		Total Attendees	Board Size	% of Total
25 May 2021	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	X		11	12	91.7
09 July 2021	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	X		11	12	91.7
29 September 2021	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	X		11	12	91.7
29 September 2021 (1)(2)	X	X	✓		✓	✓	✓	X	X	✓	✓	✓	X		7	12	58.3
26 October 2021 (1)(2)	✓	✓	✓		✓	✓	✓	X	✓	✓	✓	✓			10	11	90.9
22 November 2021	✓	X	✓		X	✓	✓	✓	✓	✓	✓	✓			9	11	81.8
30 November 2021	✓	X	✓		✓	✓	✓	X	✓	✓	✓	✓			9	11	81.8
06 December 2021 (1)	X	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓			10	11	90.9
06 December 2021 (1)(2)	X	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓			10	11	90.9

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
3 - Governance Framework (continued)

NIFRS Board (continued)

Meeting Date	Bonnie Anley	Jonathan Craig	Cadogan Enright	Michael Graham (3)	Ken Henning	Robert Irvine	Carmel McKinney	Thomas O'Hanlon	Jim Quinn	Peter O'Reilly (4)	Hilary Singleton	Lindsey Smith	Gordon Smyth (5)		Total Attendees	Board Size	% of Total
10 February 2022 (1)	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓			11	11	100.0
22 February 2022	✓	X	✓		✓	✓	✓	✓	✓	✓	✓	✓			10	11	90.9
22 February 2022 (1)(2)	✓	X	✓		X	✓	✓	X	X	✓	✓	✓			7	11	63.6
28 March 2022 (1)(2)	✓	✓	X		✓	✓	✓	✓	✓	✓	✓	✓			10	11	90.9

Notes (1) Special Board Meeting (2) Closed Session (3) Leaver 1 September 2021 (4) Joined 1 September 2021 (5) Leaver 6 October 2021 ✓ Present at meeting X Absent for meeting

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
3 - Governance Framework (continued)

NIFRS Board (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.

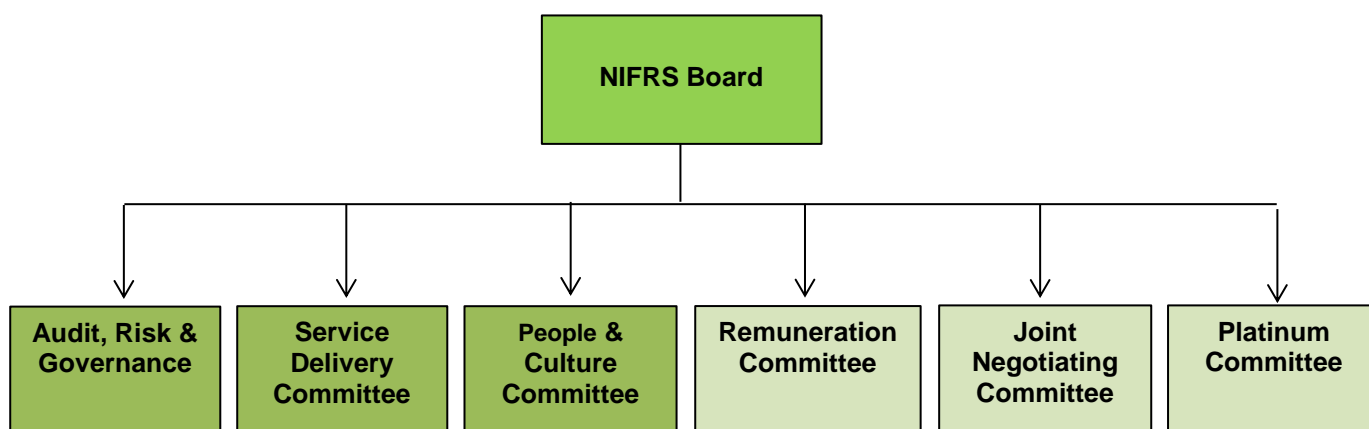
No issues were detected in respect of Board performance during 2021-22.

Board Committees (to 31 March 2022)

The NIFRS Board is 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 is the Board appointed Champion for Risk Management and works closely with lead officers with regard to the establishment of proactive and reactive controls in this area.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

3 - Governance Framework (continued)

Audit, Risk & Governance Committee (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 2021-22 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:

- Appointment in association with Public Appointments Unit (PAU) of a new Finance NEM; and
- Development and implementation of a revised Assurance Framework.

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 both will be completed by 19 October 2022.

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 Chairperson of the Service Delivery Committee is the Board appointed Champion for Health & Safety.

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

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

3 - Governance Framework (continued)

NIFRS Pensions Scheme Governance Framework (continued)

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:

- (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

During 2021-22 NIFRS transitioned the administration of the pension schemes into HSC Pensions. A service level agreement is in place with BSO for the provision of a pensions administration service which went live on 1 October 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. There was a change of Accounting Officer during 2021-22. Mr Michael Graham was Accounting Officer 1 April – 31 August 2021 and Mr Peter O'Reilly was Accounting Officer from 1 September 2021 – 31 March 2022.

Mr Peter O'Reilly resigned effective from 08:59 on 11 June 2022 and Mr Andy Hearn took up role as Interim Chief Fire & Rescue Officer and designated Accounting Officer on 13 June 2022.

Executive Leadership Team

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 2022 comprised of the following:

- Mr Peter O'Reilly, Chief Fire & Rescue Officer – from 1 September 2021;
- Mr Paul Harper, Deputy Chief Fire & Rescue Officer – from 23 March 2022;
- Mr Aidan Jennings, Assistant Chief Fire & Rescue Officer – substantive from 23 March 2022;
- Ms Paula White, Director of Corporate Services - substantive from 1 March 2022; and
- Mrs Donna O'Connor, Acting Director of Human Resources.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

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.

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 2021-22 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.

NIFRS uses 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 2021-22 was generated based on the updated strategic outcomes and included DoH ALB Annual Compliance Targets. The final draft Annual Business Plan 2021-22 was presented to and approved by the NIFRS Board and DoH and became operational on 1 April 2021.

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.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

4 - Framework for Business Planning and Risk Management (continued)

NIFRS' Risk Management Process

NIFRS Assurance Framework and Strategic Risk Management Policy & Procedure 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.

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

Prior to the commencement of 2021-22 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 on 1 April 2021.

During 2021-22, 2 new Directorate Level risks were added to the Risk Register and risk ratings were adjusted. As at 31 March 2022 the 15 organisational risks remained unchanged and NIFRS was reporting on 53 Directorate level risks.

During 2021-22 the Risk Management Policy & Procedure were revised to reflect the new process and were implemented following Audit, Risk & Governance Committee approval on 2 July 2021 and adoption by the NIFRS Board on 9 July 2021. The aims of the Policy & Procedure are 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.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

4 - Framework for Business Planning and Risk Management (continued)

NIFRS' Risk Management Process (continued)

As part of the Risk Management Policy review process in March 2021, a Board workshop took place during which the revised risk management process and risk register content were discussed. The NIFRS Board spent time considering and discussing its risk appetite which included (i) outlining their position with respect to different categories of risk; and (ii) defining tolerance levels in respect to day-to-day management of risk.

Organisationally, risk appetite links to the various methods for constraining threats and taking advantage of opportunities. In general NIFRS uses five main ways (Tolerate, Treat, Transfer, Terminate or Take the Opportunity) to manage risk, dependent on the nature of the risk and the Board viewpoint on risk.

The NIFRS Risk Appetite Statement is appended to the Risk Management Policy and will be subject to review on an annual basis as part of a Board Risk Management Workshop.

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.

Risk Management training is provided as part of the Induction Process for new staff members and further tailored face-to-face training is provided to Board Members, managers, functional leads and senior management via workshops, functional training seminars and one-to-one engagement. An e-learning package is also currently under development and will be rolled-out during 2022-23.

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.

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 holds 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).

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

5 - Information Risk (continued)

Information Governance including Data Protection and Freedom of Information (continued)

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, NIFRS 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 (2022) which at paragraph 11.2 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 2021-22 NIFRS developed and implemented a year 4 Information Management Action Plan focused on addressing areas of concern including:

- Strategy & Policy review/update;
- Training;
- Management of Data Breaches;
- Completion of Data Protection Impact Assessments for new systems/processes; and
- Records Management.

There were 13 potential personal data breaches investigated during 2021-22 (2020-21: 5) all of which were investigated and as necessary referred to the ICO. No ICO action was taken in any instance.

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.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

5 - Information Risk (continued)

ICT Security Risks (continued)

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 the prior year 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.

6 FRAUD

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

The NIFRS Fraud Liaison Officer promotes fraud awareness, co-ordinates investigations in conjunction with the BSO Counter Fraud and Probity Services team and provides advice to personnel on fraud reporting arrangements. All staff are provided with mandatory fraud awareness training in support of the Fraud Policy and Fraud Response Plan, which are kept under review and updated as appropriate.

The latest version of the Fraud Policy and Fraud Response Plan went live on 12 March 2022 and mandatory e-learning training will be rolled-out in early in 2022-23.

At 31 March 2022 there were no cases under consideration by BSO Counter Fraud Services (2020-21: 1 case).

7 PUBLIC STAKEHOLDER INVOLVEMENT

NIFRS has established a number of inter-agency partnerships and continues to use mechanisms such as:

- Public consultation exercises;
- Social media interaction; and
- Involvement in Community Safety Partnerships;

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

7 – Public Stakeholder Involvement (continued)

Public Stakeholder Involvement (continued)

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 2022 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;
- 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);

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
8 – Assurance (continued)

- Published Raising Concerns and Fraud Policies to ensure correct reporting and investigation of suspected fraudulent activities – both documents were reviewed and implemented 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 further this committee provides 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 is now attending the Arms-Length Bodies (ALB) Forum. As part of the 2021-22 Internal Audit programme, BSO Internal Audit conducted the first of a series of Assurance Mapping exercises within NIFRS. This will be presented to the AR&GC in May 2022.

Normally, NIFRS would also attend Ground Clearing and Accountability meetings with DoH, however, these were suspended during 2021-22 due to Covid-19. Notwithstanding, the Accounting Officer and Chairperson maintained weekly contact with Public Safety Unit to ensure full transparency during 2021-22.

9 SOURCES OF INDEPENDENT ASSURANCE

NIFRS obtains independent assurance from the following sources:

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

Internal Audit

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

In 2021-22 Internal Audit reviewed the following systems –

Audit Area	Outcome
Absence Management	Satisfactory

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
9 - Sources of Independent Assurance (continued)

Internal Audit (continued)

Audit Area	Outcome
Governance	Limited
Insurance and Claims Management	Satisfactory
Management of Fuel Usage	Limited
Management of Service Level Agreement (SLA) with BSO ITS	Limited
Operational Mandatory Training and Learning Management System (LMS) 2021/22	Limited
Payroll	Satisfactory - Corporate processing of payroll by NIFRS Payroll Departments Limited - Retained payroll system
Pension processing (Including Governance)	Satisfactory – Calculation of Pensions Limited – Pension Governance Arrangements
Procurement & Management of Contracts	Satisfactory
Stock & Asset Management	Limited

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 assurance mapping exercise covering Service Delivery and mid-year and year-end follow-up exercises.

In their annual report, the Internal Auditor reported that NIFRS' system of internal control was Limited. This assessment was based on the number and repeat nature of limited assurance audit assignment opinions provided during 2021/22, in particular in relation to Stock and Asset Management; Operational Mandatory Training and Learning Management System; Governance; and Management of Fuel.

Significant weaknesses in control were identified in the following areas:

Audit Title, Assurance Level & Number of Priority 1 Findings	Overview of Significant Findings/Progress in addressing issues post year end
Governance – 1 x priority 1 findings* Limited	<ul style="list-style-type: none"> A high dependency on temporary arrangements, in particular at senior executive level, creates a risk of organisational instability and a lack of accountability, as well as potentially inhibiting longer-term strategic decision-making. NIFRS has also incurred significant expenditure on agency workers at a running cost of approximately £100k per month. <p><u>Progress in addressing issues post year end</u> Update September 2022: 4 of the 5 Directors Team have now been permanently appointed and an Interim Chief Fire & Rescue Officer (CFRO) has been in place since June 2022 and will remain in position whilst the Independent Inspection</p>

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
9 - Sources of Independent Assurance (continued)

Internal Audit (continued)

Audit Title, Assurance Level & Number of Priority 1 Findings	Overview of Significant Findings/Progress in addressing issues post year end
Governance – 1 x priority 1 findings* Limited	covering key operational and organisational areas, is completed. It is currently anticipated that this Inspection conclude in quarter 4 of 2022-23. Senior Leadership Team (SLT) currently consists of 14 staff – 7 Area Commanders and 7 Heads of Service. As at September 2022, 7 (50%) of these posts have been filled permanently and 7 (50%) remained temporary positions. Vacant Area Commanders are due to be advertised in September 2022.
Management of Fuel - no priority 1 findings* Limited	<ul style="list-style-type: none"> The system for managing and controlling fuel management within NIFRS is highly manual, inefficient, lacking automation and fragmented. A number of issues noted in relation to recording, monitoring fuel usage and payment of monthly invoices. <p><u>Progress in addressing issues post year end</u> Update September 2022: work continues to be progressed in the development of an efficient and effective fuel management process.</p>
Management of Service Level Agreement (SLA) with BSO ITS - no priority 1 findings* Limited	<ul style="list-style-type: none"> NIFRS does not have a robust performance management framework for IT services including reporting up to Non-Executive level. <p><u>Progress in addressing issues post year end</u> Update September 2022: A revised Service Level Agreement (SLA) has been agreed and signed and is now a live document.</p>
Operational Mandatory Training and Learning Management System (LMS) – no priority 1 findings* Limited	<ul style="list-style-type: none"> The new LMS - 'Ignite' - went live across NIFRS in February 2021. While the system has resulted in some improvements, there remain significant issues with (i) Reporting functionality of the system is not robust; (ii) Organisational Management structure within LMS is not accurate; and (iii) Compliance with operational mandatory training is not at the required levels. <p><u>Progress in addressing issues post year end</u> Update September 2022: Management are working to progress improvements to the LMS.</p>
Payroll - no priority 1 findings* Split – Limited/Satisfactory	<ul style="list-style-type: none"> The system used to process On-Call payroll is manual, labour intensive with no linkage to the Gartan system to ensure that their staff are not being inappropriately paid at times when they are recorded as being booked off or on leave per Gartan. <p><u>Progress in addressing issues post year end</u> Update September 2022: The procurement of further Gartan module to allow process automation is currently underway; however there will be slippage in the project that will be fully understood once the supplier has outlined a project plan for delivery.</p>

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
9 - Sources of Independent Assurance (continued)

Internal Audit (continued)

Audit Title, Assurance Level & Number of Priority 1 Findings	Overview of Significant Findings/Progress in addressing issues post year end
Pensions - no priority 1 findings* Split – Limited/Satisfactory	<ul style="list-style-type: none"> • NIFRS Pensions Board has not met since March due to the pending retirements of two of its members meaning that the Board would be unable to be quorate moving forward. The Pension Board structure was agreed by the NIFRS Board in March 2021 and recruitment of the Chair is on-going. <p><u>Progress in addressing issues post year end</u> Update September 2022: The recruitment process has been successful in identifying a Chair. NIFRS is agreeing a start date to co-ordinate with training availability. The Pensions Board is expected to be fully functional by the financial year end.</p>
Stock & Asset Management – 1 x priority 1 findings* Limited	<ul style="list-style-type: none"> • There is a need to review and enhance project management capability within NIFRS. • There is no formal regular reconciliation to ensure that assets included in SAM are including in RAM for accounting purposes as required. • Weekly stock checks should have been conducted as per NIFRS procedure. • Control over the wood store is not robust. • There are 3 communication vehicles that are currently stocked with consumable stock. There is no record retained of receipts or use of this stock; and there are no stock checks performed of the stock in these vans to SAM. • The controls around stock adjustments in SAM are not adequate. • An audit of stock adjustments does not provide sufficient coverage to provide assurance that the adjustments have been appropriate. • Exceptions were noted in respect of completion of monthly PPE checks. • Issues noted in relation to PPE/ Asset Disposals. • The process for requisitioning stock from stores by stations is highly manual, labour intensive, time consuming process and prone to error. <p><u>Progress in addressing issues post year end</u> Update September 2022: The Stock and Asset management (SAM) information system continues to be configured to manage all NIFRS assets. The linkages between the capital asset register (RAM) and SAM are being created and other stores areas are moving to a consolidated single approach utilising SAM. Further system development will be considered to address any existing gaps. NIFRS will progress into phase 2 of the SAM project during the next financial year.</p>

* 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.

2 Accountability Report (continued)

2.1 Corporate Governance Report (continued)

Year-End Governance Statement 2021-22 (continued)

9 - Sources of Independent Assurance (continued)

Internal Audit (continued)

Action to address these control weaknesses has been assigned to ELT. Action and progress against outstanding recommendations will be kept under annual review as part of the external audit process.

Throughout 2021-22 NIFRS continued to implement the 14 Business Improvement Projects. 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 76% of the outstanding internal audit recommendations fully implemented and 24% partially implemented. The only historical recommendations moving into 2022-23 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 she reports by exception, eg, adequacy of accounting records and Governance Statement compliance with guidance.

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.

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
10 - Review of Effectiveness of Systems of Internal Governance (continued)

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 2 new divergences in 2021-22 (2020-21: none).

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
11 – Internal Governance Divergences (continued)

New Issues Arising in 2021-22

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2021/22	Pensions	Pension Board for the Firefighters' Pension Scheme	<p>Under the Public Services Pensions Act (Northern Ireland) 2014), all public sector pension schemes are required to establish a Pension Board. This requirement is specifically written into the Part 2 of the Firefighters' Pension Scheme Regulations (Northern Ireland) 2015.</p> <p>The NIFRS Board established a Pension Board in April 2015. In the absence of a Pension Board Chair, the Chair's role was rotated amongst members until its most recent meeting in March 2019 where the pending retirements of 2 of its members was noted and the inability to be quorate going forward. Meetings have since been placed on hold.</p> <p>In 2021, the NIFRS Board agreed to appoint a new Pension Board and recruit an Independent Chair however to date NIFRS has been unable to attract a suitable candidate. The inability to meet legislative requirements has resulted in limited audit assurance for the pension governance arrangements.</p>	<p>NIFRS will continue to pursue the recruitment of an Independent Chair of the Pension Board and following the appointment, the new Pension Board will be established.</p>	<p>Timescales for Resolution & Closure 31 March 2023</p>

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
11 – Internal Governance Divergences (continued)

New Issues Arising in 2021-22 (continued)

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2021/22	Statutory Compliance	Vehicle inspection compliancy	<p>Under the Road Traffic (Northern Ireland) Order 1995, part 111 Construction and Use of Vehicles and Equipment, all road users have a legal requirement to ensure vehicles are inspected in line with prescriptive inspection schedules. These statutory requirements vary depending on the class of vehicle.</p> <p>Due to a reduction in the number of mechanics in Q3 2021-22 NIFRS can no longer maintain compliance with the prescribed inspection schedules.</p>	<p>An interim plan that addresses the sole issue of compliancy has been implemented, which includes NIFRS ceasing all servicing and preventative maintenance on all vehicles.</p> <p>A review of the establishment of mechanics has been completed and proposals will be presented to the NIFRS People & Culture Committee for consideration.</p> <p>In the interim, 2 mechanics on Fixed Term Contracts (FTC) have been approved and a recruitment process has commenced.</p>	<p>Timescales for Resolution & Closure</p> <p>To be reviewed again in September 2022.</p>

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (continued)
11 – Internal Governance Divergences (continued)

Prior Year Issues – On-Going

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2014-15	Asset Management (including Inventory)	Issues with existing asset management systems and processes noted	During an Asset Management Audit 2013-14 significant control weaknesses were noted and recommendations for improvement made. Whilst action is on-going to address these issues, a follow-up audit 2021-22 identified further control weaknesses were detected	To address the issues raised a new SAM System was scoped and is currently being implemented. 2021-22 follow-up audit took place during the implementation of Phase1.	On-Going – NIFRS will continue with the implementation of phase 1 and will, through the scoping of phase 2, address all issues raised. Timescales for Resolution & Closure – 31 March 2024

Prior Year Issues – Closed

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2014-15	Pensions	Future service provision	<p>In December 2014 the Pension Software was withdrawn by the software provider and all calculations were being performed manually.</p> <p>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.</p> <p>The lack of pension software left NIFRS non-compliant with legislation as it was unable to issue Annual Benefit Statements. This issue was notified to the Pensions Regulator.</p>	Implementation of an automated pension system and the transfer of pension administration to BSO.	<p>Complete – NIFRS, working with the software provider and BSO, implemented new pensions software before a hard handover date of 1 October 2021. BSO are now processing all pension calculations and have quality assured the manual calculations from December 2014. NIFRS has been discharged from scrutiny by The Pension’s Regulator. Annual Benefit Statements are now issued in line with regulations.</p> <p>Timescales for Resolution & Closure – Complete</p>

2 Accountability Report (continued)
2.1 Corporate Governance Report (continued)
Year-End Governance Statement 2021-22 (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 limited 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 2021-22.

Signed: 
Accounting Officer

Date: 19 October 2022

2 Accountability Report (continued)

2.2 Remuneration and Staff Report Governance Overview

NIFRS Policy on the remuneration of its directors for current and future years is guided by the work and recommendations of the Senior Salaries Review Body whilst also taking cognisance of nationally negotiated pay scales for uniformed directors.

During 2021-22 the Terms of Reference for the Remuneration Committee approved by the Board in November 2020 remained operational.

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 2022, the membership of the Remuneration Committee was as follows -

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

Ms Lindsey Smith left the Remuneration Committee in January 2022 when she became a Member of the Audit, Risk & Governance Committee.

The Committee met on the following occasions during the year ended 31 March 2022 -

- 25 May 2021; and
- 11 November 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 the Executive Leadership Team (ELT) which as at 31 March 2022 consisted of a Chief Fire & Rescue Officer, a Deputy Chief Fire & Rescue Officer, an Assistant Chief Fire & Rescue Officer and 2 Support Directors.

Remuneration and Pension Interests for the year ended 31 March 2022

Details of the Chairperson's, non-executive Members' and ELT's remuneration and pension interests for the year ended 31 March 2022 are set out on pages 72 - 80.

2 Accountability Report (continued)
2.2 Remuneration and Staff Report (continued)
Governance Overview (continued)

Remuneration and Pension Interests for the year ended 31 March 2022 (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 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

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

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

NAME	2021-22				2020-21			
	Salary £'000	¹ Benefits in Kind (to nearest £100)	⁴ Pension Benefits (to nearest £1,000)	Total £'000	Salary £'000	¹ Benefits in Kind (to nearest £100)	⁴ Pension Benefits (to nearest £1,000)	Total £'000
Non-Executive Members								
C McKinney - Chairperson	25-30	-	-	25-30	20-25 FYE 25-30	-	-	20-25
B Anley	5-10	-	-	5-10	5-10	-	-	5-10
J Craig	5-10	-	-	5-10	5-10	-	-	5-10
C Enright	5-10	-	-	5-10	5-10	100	-	5-10
R Irvine	5-10	-	-	5-10	5-10	-	-	5-10
K Henning	5-10	-	-	5-10	5-10	100	-	5-10
P Martin (to 01/05/20)	-	-	-	-	0-5 FYE 5-10	-	-	0-5
T O'Hanlon	5-10	-	-	5-10	5-10	-	-	5-10
J Quinn	-	-	-	-	-	-	-	-
H Singleton	5-10	-	-	5-10	5-10	-	-	5-10
L Smith	5-10	-	-	5-10	5-10	-	-	5-10
G Smyth (to 06/10/21)	0-5 FYE 5-10	-	-	0-5	5-10	100	-	5-10

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

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

NAME	2021-22				2020-21			
	Salary £'000	¹ Benefits in Kind (to nearest £100)	⁴ Pension Benefits (to nearest £1,000)	Total £'000	Salary £'000	¹ Benefits in Kind (to nearest £100)	⁴ Pension Benefits (to nearest £1,000)	Total £'000
Executive Members								
⁵P O'Reilly Chief Fire & Rescue Officer (from 01/09/21)	75-80 FYE 130- 135	-	-	75-80	-	-	-	-
⁶M Graham Interim Chief Fire & Rescue Officer (to 01/09/21)	60-65 FYE 125- 130	-	(40)	20-25	130-135	-	74	200-205
M Deeney Assistant Chief Fire & Rescue Officer (temporary to 22/11/21)	65-70 FYE 95-100	-	-	65-70	95-100	-	25	120-125
P Gallagher Assistant Chief Fire & Rescue Officer (temporary from 24/04/20 to 22/03/22)	95-100	-	31	125-130	95-100	-	26	120-125
A Jennings Assistant Chief Fire & Rescue Officer (temporary to 22/03/21, permanent thereafter)	95-100	-	8	105-110	85-90 FYE 95-100	-	53	140-145
P Harper Deputy Chief Fire & Rescue Officer (from 23/03/22)	0-5 FYE 100- 105	-	9	5-10	-	-	-	-
⁷P White Director of Finance (Interim to 28/02/22, Director of Corporate Services permanent thereafter)	70-75	-	57	125-130	70-75	-	27	95-100
D O'Connor Director of Human Resources (Interim) (from 05/01/21)	80-85	-	24	100-105	15-20 FYE 80-85	-	6	20-25

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

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

NAME	2021-22				2020-21			
	Salary £'000	¹ Benefits in Kind (to nearest £100)	⁴ Pension Benefits (to nearest £1,000)	Total £'000	Salary £'000	¹ Benefits in Kind (to nearest £100)	⁴ Pension Benefits (to nearest £1,000)	Total £'000
⁸ E Magee Director of Human Resources (Interim) (from 01/05/19 to 05/01/21)	0-5	-	-	0-5	60-65 FYE 80-85	-	53	115-120
A Walmsley Assistant Chief Fire & Rescue Officer (to 24/04/20)	-	-	-	-	10-15 FYE 95-100	-	2	10-15
Highest Earner's Total Remuneration (£'000)	130-135				130-135			
Median Total Remuneration (£)	32,244				31,767			
Ratio	4.1				4.2			

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

Disclosure of Highest Paid Director and Median Remuneration (Hutton Fair Pay Review Disclosure) (Audited Information)

NAME	2021-22				
	² Accrued pension at age 60/65 as at 31/03/22 and related lump sum £'000	³ Real increase in pension at age 60/65 as at 31/03/22 and related lump sum £'000	CETV at 31/03/22 £'000	CETV at 31/03/21 £'000	Real increase in CETV £'000
Executive Members					
⁶ M Graham Chief Fire & Rescue Officer (to 01/09/21)	60-65	(2.5)-0	1,187	1,403	(234)
M Deeney Assistant Chief Fire & Rescue Officer (temporary to 22/11/21)	40-45	0-2.5	675	643	19
P Gallagher Assistant Chief Fire & Rescue Officer (temporary from 24/04/20 to 22/03/22)	40-45	0-2.5	855	982	(157)
A Jennings Assistant Chief Fire & Rescue Officer (temporary to 22/03/21, permanent thereafter)	40-45	0-2.5	633	592	23
P Harper Deputy Chief Fire & Rescue Officer (from 23/03/22)	35-40	0-2.5	545	540	4
⁷ P White Director of Finance (Interim to 28/02/22, Director of Corporate Services permanent thereafter)	25-30	2.5-5	359	307	32
D O'Connor Director of Human Resources (Interim) (from 05/01/21)	5-10	0-2.5	68	48	12
⁸ E Magee Director of Human Resources (Interim) (from 01/05/19 to 05/01/21)	-	-	-	294	-

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.

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

² 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.

³ Real increase in pension assumes a 3.1% increase for 2021/22 (0.5% for 2020/21).

⁴ 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.

⁵ Appointed as CFO on 01-09-21. There are no entries in respect of pensions as this individual is not a member of the pension schemes.

⁶ Retired 01-09-21.

⁷ This individual was seconded from another Public Sector Body from the 1st June 2018 and appointed permanently to the post from 1 March 2022.

⁸ This individual resigned 4 January 2021 however they received pay arrears of £3,525.58 in the 2021-22 year, relating to prior years.

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

Disclosure of Highest Paid Director and Median Remuneration (Hutton Fair Pay Review Disclosure) (Audited Information) (continued)

Fair Pay Disclosures

Pay Ratios

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

The banded remuneration of the highest paid employee in NIFRS in the financial year 2021-22 was £130,000-£135,000 (2020-21: £130,000-£135,000). The relationship between the mid-point of this band and the remuneration of the workforce is disclosed below:

2021-22	25 th percentile	Median	75 th percentile
Total Remuneration (£)	28,973	32,244	37,338
Pay Ratio	4.6:1	4.1:1	3.5:1

2020-21	25 th percentile	Median	75 th percentile
Total Remuneration (£)	28,650	31,767	36,530
Pay Ratio	4.6:1	4.2:1	3.6:1

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

For 2021-22, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2021-22, 1 (2020-21, 2) employee received remuneration in excess of the highest-paid director.

In 2021-22, remuneration ranged from the band £5k-£10k to £130k - £135k (2020-21: £5k - £10k to £130k - £135k).

Median Total Remuneration

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

Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

- salary and allowances, and
- performance pay and bonuses of the highest paid director and of their employees as a whole.

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

Disclosure of Highest Paid Director and Median Remuneration (Hutton Fair Pay Review Disclosure) (Audited Information) (continued)

Percentage Change in Remuneration (continued)

The percentage changes in respect of NIFRS are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

Percentage change for:	2021-22 v 2020-21
Average employee salary and allowances	1.6%
Highest paid director's salary and allowances	0%

The average salary in 2020-21 was £33,546 and in 2021-22 it increased to £34,098 resulting in the 1.6% increase.

No performance pay or bonuses were paid in 2021-22.

Cash Equivalent Transfer Value

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

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

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

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

Value of Pension Benefits

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

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

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

Disclosure of Highest Paid Director and Median Remuneration (Hutton Fair Pay Review Disclosure) (Audited Information) (continued)

Value of Pension Benefits (continued)

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

Support Directors

Pension Scheme Information

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

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

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

Terms and Conditions

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

Mileage Allowances

The Support Directors received mileage allowances in the year of 45p per mile.

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

Disclosure of Highest Paid Director and Median Remuneration (Hutton Fair Pay Review Disclosure) (Audited Information) (continued)

Support Directors (continued)

Annual Leave

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

Sickness

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

Uniformed Directors

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 2 or 3 times pensionable pay depending on the Pension Scheme. Medical retirement is possible in the event of ill-health.

Terms and Conditions

The terms and conditions for the Chief Fire & Rescue Officer and Assistant Chief Fire & Rescue Officers are negotiated and regulated through the National Joint Council for Principal Fire Officers. This body sets a minimum salary for Principal Officers and local adjustments are made by the individual Authorities. The Deputy Chief Fire & Rescue Officer and Assistant

2 Accountability Report (continued)
2.2 Remuneration and Staff Report (continued)
Disclosure of Highest Paid Director and Median Remuneration (Hutton Fair Pay Review Disclosure) (Audited Information) (continued)

Uniformed Directors (continued)

Terms and Conditions (continued)

Chief Fire & Rescue Officer salaries are based on approximately 80% and 75% of the Chief Fire & Rescue Officer's salary respectively.

Mileage Allowances

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

Annual Leave

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

Sickness

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

Signed: 
Accounting Officer

Date: 19 October 2022

2 Accountability Report (continued)

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 2021-22.

	Number of Employee
Off-Payroll Employees as at 1 April 2021	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 2022	0

Employee Numbers and Related Costs (Audited Information)

Employee Costs	2022			2021
	Permanently employed employees £'000	Other £'000	Total £'000	Total £'000
Wages and Salaries	49,559	1,202	50,761	49,463
Social Security Costs	4,842	0	4,842	4,637
Other Pension Costs	14,823	0	14,823	13,896
Total Employee Costs reported in Statement of Comprehensive Net Expenditure	69,224	1,202	70,426	67,996
Less recoveries in respect of outward secondments	79	0	79	53
Net Employee Costs	69,145	1,202	70,347	67,943
Employee costs exclude £79,410 charged to capital projects during the year (2021: £53,012))				

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

Staff Report (continued)

Average Number of Persons Employed (Audited Information)

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

	2022			2021
	Permanently employed employees	Other	Total	Total
	No	No	No	No
Chairperson	1	0	1	1
Board Members	9	0	9	10
Firefighters (Full-time)	799	0	799	807
Firefighters (Part-time)	916	0	916	881
RCC Personnel	59	0	59	61
Administrative/Manual	205	0	205	195
Agency/Temporary	0	39	39	43
Total average number of persons employed	<u>1,989</u>	<u>39</u>	<u>2,028</u>	<u>1,998</u>
Less average employee number relating to capitalised employee costs	<u>(1)</u>	<u>0</u>	<u>(1)</u>	<u>(1)</u>
Total net average number of persons employed	<u><u>1,988</u></u>	<u><u>39</u></u>	<u><u>2,027</u></u>	<u><u>1,997</u></u>

Senior Employees' Remuneration

Please refer to the Remuneration Report on pages 72 - 80 of the Annual Report

Employee Benefits

	2022 £'000	2021 £'000
Employee Benefits	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Retirements due to Ill-Health

During 2021-22, there were 29 early retirements (2020-21: 28) from NIFRS agreed on the grounds of ill-health. The cost borne by the operating account relating to 29 ill-health retirees was £1,572,960 (2020-21: £898,720).

Staff Turnover Percentage

Staff turnover in 2021-22 was 4.3%. (2020-21: 7.4%).

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

Staff Report (continued)

NIFRS Employee Composition

As at 31 March 2022, NIFRS directly employed 1,983 people (2020-21: 1,990) in operational and support roles.

	Total	Male	Female
Operational & Support Directors	5	3	2
Wholetime Firefighters	797	751	46
On-Call Firefighters	914	860	54
Regional Control Centre Personnel *	60	23	37
Support Employees	207	85	122
Total	1,983	1,722	261

Note: Agency Employees, volunteers, other organisation staff seconded into NIFRS and Board Members composition are not included in the above table

* Figures show actual headcount as opposed to Full Time Equivalent (FTE)

Expenditure on Consultancy

NIFRS incurred no external consultancy expenditure in 2021-22 (2020-21 – £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	
	2022	2021	2022	2021	2022	2021
< £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 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

Staff Report (continued)

Staff Policies applied in respect of disabled persons

NIFRS adheres to its responsibilities as an employer under disability discrimination legislation from the beginning of the selection process right through to the ending of employment. NIFRS policies and procedures are in place to ensure support and fair treatment, and where required making reasonable adjustments with regard to the following:

- The selection and recruitment of staff, ie, application forms; interview arrangements; and aptitude or proficiency tests.
- Promotion, transfer and training opportunities & performance management.
- The way that work is arranged and performed.
- The physical features of the premises.
- Disciplinary and attendance management procedures.
- Ensuring regular Training for all Staff.

Attendance Management

In 2021-22 the number of days/shifts lost per person was 14.2 against a target of 15 for Wholetime, Regional Control Centre & Support staff and for On-Call staff this was 27.57 days/shifts lost per person against a target of 19.9.

The figure for Wholetime, Regional Control Centre & Support staff in 2020-21 was 9.4 days/shifts lost. There is no prior year comparator for On-Call staff as this was a new measure introduced in 2021-22.

The 3 main reasons for sickness absence were:

Long-Term

- Mental Health (42.2%)
- Musculoskeletal (32.7%)
- Neurological (4.3%)

Short-Term

- Musculoskeletal (23.5%)
- Mental Health (11.6%)
- Respiratory/Viral (9.8%)

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.

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

Staff Report (continued)

Equal Opportunities for NIFRS Employees and Applicants to NIFRS (continued)

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

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

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

It is our aim to:

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

We will:

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

2 Accountability Report (continued)

2.2 Remuneration and Staff Report (continued)

Staff Report (continued)

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 Accountability Report (continued)

2.3 Accounting & Audit Report

Funding

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

Regularity of Expenditure

The Management Statement and Financial Memorandum (MSFM) between the DoH and NIFRS, outlines the Framework in which NIFRS will operate and further details a number of financial provisions which NIFRS has to observe. Within NIFRS discharge of these responsibilities is supported by Standing Financial Instructions, financial policies and procedures which are also adjusted as needed to meet specifications in DoH circulars. This overall framework is designed to ensure that NIFRS has assurance that the income and expenditure recorded in the financial statements have been applied to the purposes as intended by the Northern Ireland Assembly and the financial transactions conform to the authorities who govern them.

In addition, Internal Audit conducts 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 18 of the Accounts. At the end of 2021-22 there was no contingent liability related to EU Exit (2020-21: £Nil).

Remote Contingent Liabilities (Audited Information)

There was no remote contingent liability during 2021-22 (2020-21: £Nil).

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 34.

Financial Targets

In terms of financial targets, as illustrated in Note 20 to the Accounts, NIFRS has achieved the financial breakeven target for 2021-22. This was achieved through the establishment of a Breakeven Plan during the 2021-22 year and careful monitoring thereafter to deliver within the allocated budget.

2 Accountability Report (continued)

2.3 Accounting & Audit Report (continued)

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 2 of the LDC at Cookstown.

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 was 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.

The losses and special payments made in the 2021-22 year are detailed below. Losses and Special Payments in the 2020-21 year did not exceed £250k.

Special Payments	2021-22		2020-21
	Number of cases	£'000	£'000
Total number of special payments	13		5
Total value of special payments		718	41

Details of individual special payments over £250,000	2021-22	
	Number of cases	£'000
Special Payment - compensation	1	400

Other Payments

There were no other payments made during the year (2020-21: £Nil).

Signed: 
Accounting Officer

Date: 19 October 2022

3 Financial Statements

3.1 Operating 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 2022 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.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted 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 2022 and of the Northern Ireland Fire and Rescue Service's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Fire and Rescue Services (Northern Ireland) Order 2006 and Department of Health directions issued thereunder.

Opinion on regularity

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

Basis 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 and Regularity of Public Sector Bodies 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 that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, 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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

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 Northern Ireland Fire and Rescue Service 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 Northern Ireland Fire and Rescue Service 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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (continued)

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
- 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 Northern Ireland Fire and Rescue Service and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Northern Ireland Fire and Rescue Service 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

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (continued)

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 Fire and Rescue Services (Northern Ireland) Order 2006 and Department of Health directions issued thereunder;
- 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: revenue recognition, expenditure recognition and posting of unusual journals;
- 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 regulation;
- 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;

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (continued)

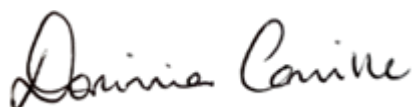
- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

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. 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

I have no observations to make on these financial statements.



Dorinnia Carville
Comptroller & Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
19 October 2022

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Statement of Comprehensive Net Expenditure for Year Ended 31 March 2022

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	2022 Operating £'000	2021 Operating £'000
Income			
Revenue from contracts with customers	4.1	109	105
Other operating income	4.2	550	466
Total Operating Income		659	571
Expenditure			
Staff costs	3	(70,426)	(67,996)
Purchase of goods and services	3	(1,918)	(2,120)
Depreciation, amortisation and impairment charges	3	(7,043)	(8,022)
Provision expense	3	38,013	(15,383)
Other operating expenditure	3	(17,083)	(14,795)
Interest on Scheme liabilities	15	(611)	(500)
Total Operating Expenditure		(59,068)	(108,816)
Net Operating Expenditure		(58,409)	(108,245)
Corporation tax	21	(3)	(3)
Net Expenditure for the Year		(58,412)	(108,248)
Revenue Resource Limit (RRL)	20.1	58,412	108,237
Surplus/(Deficit) against RRL	20.3	-	(11)
Other Comprehensive Net Expenditure			
Items that will not be reclassified to Net Operating Expenditure			
Net gain on revaluation of property, plant and equipment	5.1/6.1	3,759	147
Actuarial gain/(loss) on pension scheme liabilities	15	13,116	(5,405)
Other total Comprehensive net expenditure for the year		16,875	(5,258)
Total Comprehensive Net Expenditure for the year ended		(41,537)	(113,506)

The Notes on pages 98 – 141 form part of these Accounts.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Statement of Financial Position as at 31 March 2022

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	2022 Operating £'000	2021 Operating £'000
Non Current Assets			
Property, plant and equipment	5.1/5.2	120,004	114,599
Intangible assets	6.1/6.2	4,339	4,772
Total Non Current Assets		124,343	119,371
Current Assets			
Inventories	9	2,016	1,523
Trade and other receivables	11	638	1,200
Other current assets	11	1,551	903
Total Current Assets		4,205	3,626
Total Assets		128,548	122,997
Current Liabilities			
Trade and other payables	12	(16,491)	(13,425)
Cash and cash equivalents	10	(449)	(655)
Provisions (Insurance)	14	(2,672)	(2,624)
Provisions (Compensation Scheme)	14	(2,280)	(3,150)
Provisions (Other)	14	(2,482)	(2,228)
Total Current Liabilities		(24,374)	(22,082)
Total Assets less Current Liabilities		104,174	100,915
Non Current Liabilities			
Provisions (Compensation Scheme)	14	(67,890)	(109,860)
Retirement benefit obligation– NILGOSC	15	(19,998)	(29,903)
Total Non Current Liabilities		(87,888)	(139,763)
Total Assets less Total Liabilities		16,286	(38,848)
Taxpayers' Equity and Other Reserves			
Revaluation reserve		21,359	17,600
General reserve		(5,073)	(56,448)
Total equity		16,286	(38,848)

The Financial Statements on pages 94 - 141 were approved by the Board on 5 July 2022 and were signed on its behalf by:

Signed: 

Chairperson

Date: 19 October 2022

Signed: 

Accounting Officer

Date: 19 October 2022

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Statement of Cash Flows for Year Ended 31 March 2022

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	2022 Operating £'000	2021 Operating £'000
Cashflows from Operating Activities			
Net operating expenditure		(58,412)	(108,248)
Adjustments for non cash transactions	3	7,018	7,978
Increase in trade and other receivables	11	(86)	(224)
Increase in inventories	9	(493)	(269)
Increase/(decrease) in trade and other payables	12	3,066	283
Use of provisions:			
(Utilisation of)/increase in provision (NILGOSC)	15	(9,905)	7,441
Increase in provision (insurance)	14	48	375
(Utilisation of)/increase in provision (compensation)	14	(42,840)	9,998
Increase in provision (other)	14	254	1,428
Pension remeasurements	15	13,116	(5,405)
Net cash outflow from Operating Activities		(88,234)	(86,643)
Cash Flows from Investing Activities			
Purchase of property, plant & equipment	5.1/5.2	(7,898)	(7,408)
Purchase of intangible assets	6.1/6.2	(371)	(925)
Proceeds on disposal of property, plant & equipment		38	75
Net cash outflow from Investing Activities		(8,231)	(8,258)
Cash Flows from Financing Activities			
Grant-in-aid		96,671	94,396
Net Financing		96,671	94,396
Net increase/(decrease) in Cash & Cash Equivalents in the year	10	206	(505)
Cash & Cash Equivalents at the beginning of the year	10	(655)	(150)
Cash & Cash Equivalents at the end of the year	10	(449)	(655)

The Notes on pages 98 - 141 form part of these Accounts.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Statement of Changes in Taxpayers' Equity for Year Ended 31 March 2022

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

	Note	General Fund £'000	Revaluation Reserve £'000	Taxpayers' Equity £'000
Balance at 31 March 2020		(37,191)	17,453	(19,738)
Grant from DoH		94,396	-	94,396
Comprehensive net expenditure for the year – Operating		(108,192)	147	(108,045)
Auditors Remuneration		(56)	-	(56)
Actuarial Loss on NILGOSC Pension	15	(5,405)	-	(5,405)
Balance at 31 March 2021		(56,448)	17,600	(38,848)
Grant from DoH		96,671	-	96,671
Comprehensive net expenditure for the year - Operating		(58,356)	3,759	(54,597)
Auditors Remuneration		(56)	-	(56)
Actuarial Gain on NILGOSC Pension	15	13,116	-	13,116
Balance at 31 March 2022		(5,073)	21,359	16,286

The Notes on pages 98 - 141 form part of these Accounts.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ending 31 March 2022

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 is in an asset position due to the actuarial gain in the Compensation Scheme but it also operates with a liability of its share of the NILGOSC pension scheme deficit. 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) 2022 in March 2022 which authorised the cash and use of resources for all departments and their Arms' Length Bodies for the 2021-22 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2022 also included a Vote on Account which authorised departments' and their Arms' Length Bodies' access to cash and use of resources for the early months of the 2022-23 financial year. The cash and resource balance to complete for the remainder of 2022-23 will be authorised by the 2022-23 Main Estimates and the associated Budget Bill based on an agreed 2022-23 Budget. In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

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. The next valuation is due in January 2023.

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

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.3 Property, Plant and Equipment (continued)

Valuation of Land and Buildings (continued)

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.

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has and continues to impact on many aspects of daily life, global economies and worldwide real estate markets. Some real estate markets have, and continue, to experience significantly lower levels of transactional activity and liquidity than would be normal. Nevertheless, as at the valuation date, many property markets are functioning again, with transaction volumes and other relevant market metrics at, or returning to, levels where an adequate quantum of market evidence exists upon which to base opinions of value. This is true of some (but not all) of the local property market sectors that relate to the assets types identified as part of the client property portfolio.

LPS would advise that the overall market evidence gathered to underpin advice provided within the latest indexation report would tend to indicate a generally static property market at the present time, but that build costs are significantly increasing. Evidence has been collated and analysed to reflect general market movements only, as a means to allow restatement of the value of the client portfolio.

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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.3 Property, Plant and Equipment (continued)

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:

Asset Type	Asset Life (Years)
Freehold Buildings	9-60
Furniture & Fittings	5-20
Plant & Machinery	5-20
IT Assets	3-7
Cars & Vans	5
Water Tenders	12
Serial/Aerial Appliances	15

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.7 Intangible Assets (continued)

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 Non-current assets 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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

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. Trade Union Deduction Service
- ii. Association of British Insurers
- iii. Insurance Claims
- iv. Secondments
- v. Rents
- vi. 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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.11 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.

1.12 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.

1.13 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.

1.14 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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.14 Financial Instruments (continued)

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.

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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.14 Financial Instruments (continued)

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.

1.15 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 2022, using the discount rates issued by the Department of Finance (DoF) below.

Rate	Time Period	Real Rate
Nominal	Short term	0.47%
	Medium term	0.70%
	Long term	0.95%
	Very long term	0.66%
Inflationary	Year 1	4.00%
	Year 2	2.60%
	Into perpetuity	2.00%

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.15 Provisions (continued)

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) 39-2021.

The discount rate to be applied for employee early departure obligations is (1.30%) for 2021-22. (2020-21: (0.95%))

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. Previously, the rate in Northern Ireland was set by the Department of Justice in accordance with principles set out by the House of Lords in Wells v Wells, and was changed under that framework, (from 2.5%) to -1.75%, with effect from 31 May 2021. Following enactment of the Damages (Return on Investment) Act (Northern Ireland) 2022 in February 2022, the rate is now determined by the Government Actuary who completed his first review under the new legislative framework in March 2022, resulting in the rate changing again to -1.5% with effect from 22 March 2022.

1.16 Contingencies

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 activity 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 amount reported to the Assembly noted.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.16 Contingencies (continued)

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.

1.17 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 2022 or at 31 March 2021. 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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.17 Employee Benefits (continued)

Compensation Scheme (continued)

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 overleaf:

FYE Pay 2021/22	Contribution Rate 2021/22		FYE Pay 2022/23	Contribution Rate 2022/23	
	Main Section	50/50 Section		Main Section	50/50 Section
Up to £15,000	5.5%	2.75%	Up to £15,000	5.5%	2.75%
£15,001 to £23,000	5.8%	2.9%	£15,001 to £23,700	5.8%	2.9%
£23,001 to £38,400	6.5%	3.25%	£23,701 to £39,500	6.5%	3.25%
£38,401 to £46,600	6.8%	3.4%	£39,501 to £48,000	6.8%	3.4%
£46,601 to £92,300	8.5%	4.25%	£48,001 to £95,100	8.5%	4.25%
More than £92,300	10.5%	5.25%	More than £95,100	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 2021/2022	ERS RATE 2022/2023
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 2021/22. (2020-21: £nil).

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.17 Employee Benefits (continued)

Local Government Officers' Superannuation Committee Scheme (NILGOSC) (continued)

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 2020.

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.

1.18 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.

1.19 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.

1.20 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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.21 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.

1.22 Taxation

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

1.23 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.

1.24 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.

1.25 Accounting Standards that have been issued but have not yet been adopted

The International Accounting Standards Board have 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 have 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 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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

1.25 Accounting Standards that have been issued but have not yet been adopted (continued)

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 these Standards.

Implementation of Review of Financial Processes (RoFP)

The Department of Health (DoH) is implementing Review of Financial Process in 2022-23. The aim of RoFP is to align the boundaries of budgets, estimates and accounts, as far as is practicable, including consolidation of NDPBs and other central government bodies in Estimates and accounts. The bodies intended for inclusion within the 2022-23 departmental boundary include NIFRS. When RoFP is fully implemented the total assets and liabilities of NIFRS will be consolidated with the DoH Financial Statements.

IFRS 16 is effective from 1 April 2022 and has the effect of largely eliminating the current 'off-balance sheet' treatment of operating leases under IAS 17. A lessee is now required to recognise a "right-of-use" asset (the right to use the leased item) and a financial liability for any operating leases where the term is greater than 12 months, excluding those where the associated right-of-use asset is of low value.

NIFRS has set the low value financial threshold at £5k and from the lease agreement can determine the non-cancellable periods for which NIFRS has the right to use the underlying asset. One key consideration is calculating the implicit interest rate within the lease agreement.

NIFRS holds one lease for land with an expected lease liability and asset value of £14.3m and annual depreciation charges of £287k.

NIFRS holds one lease for printers with an expected lease liability and asset value of £159k and annual depreciation charges of £42k.

NIFRS holds two leases for buildings with a total expected lease liability and asset value of £75k and annual depreciation charges of £21k.

On initial application it is expected that the impact of IFRS 16 will be as follows: there will be a new lease asset and liability of £14.53m and annual depreciation costs of £350k and interest costs of £135k.

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 2025.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 2 – STATEMENT OF OPERATING EXPENDITURE BY OPERATING 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

	2022	2021
	£'000	£'000
*Staff costs:		
Wages and salaries	50,761	49,463
Social security costs	4,842	4,637
Other pension costs	14,823	13,896
Communications equipment	1,370	1,518
Office equipment & running costs	1,110	589
Medical expenses, subsistence & other	738	466
Transport	1,174	802
Operational equipment & maintenance costs	1,407	1,895
Premises	6,218	5,829
Uniforms	535	593
Contract catering, kitchen equipment & maintenance	12	9
Rentals under operating leases	415	325
Training	1,103	1,015
Fire safety publicity	109	87
Auditor remuneration	56	56
Miscellaneous expenditure	2,179	2,239
	<hr/>	<hr/>
Non Cash Items		
Profit on disposal of assets	(25)	(44)
Depreciation	6,701	6,977
Amortisation	804	1,045
Impairments	(462)	-
Interest on Scheme Liabilities	611	500
Pension costs (NILGOSC)	2,600	1,536
(Decrease)/increase in provisions (provision provided for in year less any release)	(39,381)	13,584
Cost of borrowing of provisions (unwinding of discount on provisions)	1,368	1,799
	<hr/>	<hr/>
Total	59,068	108,816

*Further detailed analysis of staff costs is included in the Staff Report on page 81 - 86 within the Accountability Report.

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

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 4 - INCOME

4.1 Revenue from Contracts with Customers

	2022	2021
	£'000	£'000
Provision of fire cover - other bodies	91	92
Fire reports/certificates	17	13
Sundry income from fees and charges	1	-
Total	109	105

4.2 Other Operating Income

	2022	2021
	£'000	£'000
Association of British Insurers	206	256
Trade Union Deduction Service	21	21
Insurance Claims*	35	5
Other income**	288	184
Total	550	466

* Insurance Claims include in current year £20k for recoupment of overpaid wages (2021: 2k) and £15k for repairs through insurance (2021: 3k).

** Other income includes rental income of £116k (2021: 52k). Additional £51k due to new rental agreement with BSO at our Learning & Development Centre at Boucher Road, secondment income of £88k (2021:£50k) and disposal of obsolete stock £33k (2021:32k).

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 5 – PROPERTY, PLANT & EQUIPMENT

5.1 Property, Plant & Equipment – Year ended 31 March 2022

	Land £'000	Buildings (excluding dwellings) £'000	Assets under Construction £'000	Plant and Machinery (Equipment) £'000	Transport Equipment £'000	Information Technology (IT) £'000	Furniture and Fittings £'000	Total £'000
Cost or Valuation								
At 1 April 2021	15,881	75,060	6,226	15,037	49,275	3,489	970	165,938
Indexation	-	3,875	-	1,053	1,517	(49)	24	6,420
Additions	-	778	6,541	286	47	103	143	7,898
Transfers	-	2,056	(6,599)	1,147	3,368	-	28	-
Disposals	-	-	-	-	(1,166)	-	-	(1,166)
At 31 March 2022	15,881	81,769	6,168	17,523	53,041	3,543	1,165	179,090
Depreciation								
At 1 April 2021	-	7,197	-	12,034	29,122	2,654	332	51,339
Indexation	-	454	-	819	957	(40)	9	2,199
Disposals	-	-	-	-	(1,153)	-	-	(1,153)
Charged in year	-	2,300	-	769	3,212	336	84	6,701
At 31 March 2022	-	9,951	-	13,622	32,138	2,950	425	59,086
Carrying Amount								
At 31 March 2022	15,881	71,818	6,168	3,901	20,903	593	740	120,004
At 31 March 2021	15,881	67,863	6,226	3,003	20,153	835	638	114,599
Asset financing								
Owned	15,881	71,818	6,168	3,901	20,903	593	740	120,004
Carrying Amount								
At 31 March 2022	15,881	71,818	6,168	3,901	20,903	593	740	120,004

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 (2021: £NIL).

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 5 – PROPERTY, PLANT & EQUIPMENT (continued)

5.2 Property, Plant & Equipment – Year Ended 31 March 2021

	Land £'000	Buildings (excluding dwellings) £'000	Assets under Construction £'000	Plant and Machinery (Equipment) £'000	Transport Equipment £'000	Information Technology (IT) £'000	Furniture and Fittings £'000	Total £'000
Cost or Valuation								
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	15,881	75,060	6,226	15,037	49,275	3,489	970	165,938
Depreciation								
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	-	7,197	-	12,034	29,122	2,654	332	51,339
Carrying Amount								
At 31 March 2021	15,881	67,863	6,226	3,003	20,153	835	638	114,599
At 31 March 2020	15,897	69,461	1,108	3,697	22,715	829	673	114,380
Asset financing								
Owned	15,881	67,863	6,226	3,003	20,153	835	638	114,599
Carrying Amount								
At 31 March 2021	15,881	67,863	6,226	3,003	20,153	835	638	114,599

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 (2021: £NIL).

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 6 – INTANGIBLE ASSETS

6.1 Intangible Assets - Year Ended 31 March 2022

	Software Licences £'000	Information Technology £'000	Assets under Construction £'000	Total £'000
Cost or Valuation				
At 1 April 2021	2,881	3,339	2,155	8,375
Additions	75	91	205	371
At 31 March 2022	<u>2,956</u>	<u>3,430</u>	<u>2,360</u>	<u>8,746</u>
Amortisation				
At 1 April 2021	1,636	1,967	-	3,603
Charged in year	518	286	-	804
At 31 March 2022	<u>2,154</u>	<u>2,253</u>	<u>-</u>	<u>4,407</u>
Carrying Amount				
At 31 March 2022	<u>802</u>	<u>1,177</u>	<u>2,360</u>	<u>4,339</u>
At 31 March 2021	<u>1,245</u>	<u>1,372</u>	<u>2,155</u>	<u>4,772</u>
Asset Financing				
Owned	802	1,177	2,360	4,339
Carrying Amount				
At 31 March 2022	<u>802</u>	<u>1,177</u>	<u>2,360</u>	<u>4,339</u>

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

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 6 – INTANGIBLE ASSETS (continued)

6.2 Intangible Assets – Year Ended 31 March 2021

	Software Licences £'000	Information Technology £'000	Assets under Construction £'000	Total £'000
Cost or Valuation				
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	2,881	3,339	2,155	8,375
Amortisation				
At 1 April 2020	782	1,839	-	2,621
Disposals	-	(63)	-	(63)
Charged in year	854	191	-	1,045
At 31 March 2021	1,636	1,967	-	3,603
Carrying Amount				
At 31 March 2021	1,245	1,372	2,155	4,772
At 31 March 2020	1,672	50	2,843	4,565
Asset Financing				
Owned	1,245	1,372	2,155	4,772
Carrying Amount				
At 31 March 2021	1,245	1,372	2,155	4,772

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

During the financial year ended 31 March 2021 we transferred Tangible costs to Intangible WIP (see note 5.2), because they were reallocated to a Software Project under construction. This project was completed later in the year and subsequently transferred to Information Technology.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

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 2022 or 31 March 2021.

NOTE 8 - IMPAIRMENTS

	2022		
	Property, Plant & Equipment £'000	Intangibles £'000	Total £'000
Total value of impairment reversals for the year	(462)	-	(462)
Impairments which Revaluation Reserve covers (shown in Other Comprehensive Expenditure)	-	-	-
Impairment reversals to Statement of Comprehensive Net Expenditure	(462)	-	(462)
	2021		
	Property, Plant & Equipment £'000	Intangibles £'000	Total £'000
Total value of impairments for the year	-	-	-
Impairments which Revaluation Reserve covers (shown in Other Comprehensive Expenditure)	-	-	-
Impairments charged / (credited) to Statement of Comprehensive Net Expenditure	-	-	-

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 9 - INVENTORIES

	2022	2021
	£'000	£'000
Uniforms	935	672
Firefighting Equipment	667	334
Stationery	74	35
Transport	204	366
Fuel	126	82
Other	10	34
Total	<u>2,016</u>	<u>1,523</u>

NOTE 10 - CASH AND CASH EQUIVALENTS

	2022	2021
	£'000	£'000
Balance at 1 April	(655)	(150)
Net change in cash and cash equivalents	206	(505)
Balance at 31 March	<u>(449)</u>	<u>(655)</u>
The following balances on 31 March were held at:		
Commercial banks and cash in hand	(449)	(655)
Balance at 31 March	<u>(449)</u>	<u>(655)</u>

NIFRS did not have any liabilities arising from financing activities at 31 March 2022.(2021:Nil)

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 11 - TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS

	2022 £'000	2021 £'000
Amounts falling due within one year		
Trade receivables	86	472
VAT receivable	545	711
Other receivables - not relating to fixed assets	7	17
Trade and Other Receivables	638	1,200
Prepayments	1,413	796
Accrued income	138	107
Other Current Assets	1,551	903
Total Trade and Other Receivables	638	1,200
Total Other Current Assets	1,551	903
Total	2,189	2,103

NOTE 12 - TRADE PAYABLES, FINANCIAL AND OTHER CURRENT LIABILITIES

12 Trade Payables, Financial and Other Liabilities

	2022 £'000	2021 £'000
Amounts falling due within one year		
Other taxation and social security	982	729
Trade capital payables - property, plant and equipment	4,617	4,222
Trade revenue payables	3,920	2,786
Payroll payables	6,972	5,688
Trade and other payables	16,491	13,425
Total Payables falling due within 1 year	16,491	13,425
Amounts falling due after more than 1 year	-	-
Total	16,491	13,425

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 13 - PROMPT PAYMENT POLICY

13 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:

	2022 Number	2022 Value £'000	2021 Number	2021 Value £'000
Total bills paid	8,875	31,528	8,781	31,024
Total bills paid within 30 day target or under agreed payment terms	8,402	29,187	8,367	29,423
% of bills paid within 30 day target or under agreed payment terms	94.7%	92.6%	95.3%	94.8%
Total bills paid within 30 days of receipt of an undisputed invoice	8,685	31,069	8,583	30,018
% of bills paid within 30 days of receipt of an undisputed invoice	97.9%	98.5%	97.7%	96.8%
Total bills paid within 10 days of receipt of an undisputed invoice	8,307	30,159	8,060	28,121
% of bills paid within 10 days of receipt of an undisputed invoice	93.6%	95.7%	91.8%	90.6%

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 – PROVISIONS FOR LIABILITIES AND CHARGES

	Insurance £'000	Firefighters' Compensation Scheme £'000	Other £'000	2022 Total £'000
Balance at 1 April 2021	2,624	113,010	2,228	117,862
Provided in year	1,202	-	254	1,456
Provided in year - current service cost	-	770	-	770
(Provisions not required written back)/ changes in underlying assumptions	(160)	(41,447)	-	(41,607)
Provision utilised in the year	(962)	(3,563)	-	(4,525)
Borrowing costs (unwinding of discount)	(32)	1,400	-	1,368
At 31 March 2022	2,672	70,170	2,482	75,324

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

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PROVISION FOR LIABILITIES AND CHARGES (continued)

Analysis of Expected Timing of Cash Flows

	Insurance £'000	Firefighters' Compensation Scheme £'000	Other £'000	2022 Total £'000
Not later than 1 year	2,672	2,280	2,482	7,434
Later than 1 year and not later than 5 years	-	8,990	-	8,990
Later than 5 years	-	58,900	-	58,900
At 31 March 2022	2,672	70,170	2,482	75,324

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

Comprehensive Net Expenditure Account Charges

	2022 £'000	2021 £'000
Provided in year	2,226	2,872
(Provisions not required written back)/changes in underlying assumptions	(41,607)	10,712
Cost of borrowing (Unwinding of discount)	1,368	1,799
Total charge within operating charges	(38,013)	15,383

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PROVISION FOR LIABILITIES AND CHARGES (continued)

There has been a significant decrease in the Firefighters' Compensation Scheme provision as at 31 March 2022 £70,170k (2021: £113,010k) as a result of re-measurements carried out by the Government Actuary Department (GAD)

Insurance Provision

NIFRS operates a policy of limited self-insurance and has detailed above a provision of £2,672k (2021: £2,624k) in respect of Public Liability, Employer Liability, Vehicle Liability and Breach of Employment Law claims which were unsettled at 31 March 2022. 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 2022 leading to the provision of £70,170k (2020/21: £113,010k) as shown above.

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

	2022	2021	2020	2019
	%	%	%	%
Discount rate	1.55	1.25	1.80	2.90
Price inflation (CPI)	2.90	2.22	2.35	2.60
Rate of increase in pensionable salaries	4.15	3.72	4.10	4.10
Rate of increase in pensions	2.90	2.22	2.35	2.60

Life expectancies

	2022		2021	
	Males	Females	Males	Females
65 year old current normal health pensioner	21.5	21.5	21.4	21.4
45 year old future normal health pensioner at 65	23.2	23.2	23.1	23.1

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PROVISION FOR LIABILITIES AND CHARGES (continued)

Sensitivity of results

Change in assumption*	Impact on DBO	
	%	£ Million
Rate of discounting scheme liabilities 0.5% a year	(9.5)	(7.0)
Long term rate of increases in salaries 0.5% a year	-	-
Rate of increase in pensions / deferred revaluation 0.5% a year	9.0	6.0
Life expectancy: All members and adult dependents assumed to be one year younger.	4.0	3.0

*Opposite changes in the assumptions will produce approximately equal and opposite changes in the Defined Benefit Obligation (DBO). Doubling the changes in assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions, the actual impact may be different from simply combining the changes above.

History of experience gains/(losses)

	2022 £'000	2021 £'000
Experience gains/(losses) on scheme liabilities	46,140	(3,090)

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 £750k (2020-21: £646k) 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 Loan 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 £1,732k (2021: £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 note 18.3 for further details.

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 15 – RETIREMENT BENEFIT 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:

	2022	2021	2020
	%	%	%
Discount rate	2.7	2.1	2.3
Price inflation (CPI)	3.0	2.7	2.0
Rate of increase in pensionable salaries	4.5	4.2	3.5
Pension accounts revaluation rate	3.0	2.7	2.0
Pension increases	3.0	2.7	2.0

The future life expectancies at age 65 are summarised below:

	2022		2021	
	Males	Females	Males	Females
65 year old current pensioner	21.8	25.0	21.9	25.1
45 year old future pensioner at age 65	23.2	26.4	23.3	26.5

	Asset Allocation 31 March 2022 per annum	Assets at 31 March 2022 £'000	Asset Allocation 31 March 2021 per annum	Assets at 31 March 2021 £'000
Equities	42.8%	39,236	46.2%	39,508
Bonds	26.9%	24,660	35.7%	30,530
Cash/Other	4.0%	3,667	6.0%	5,131
Unquoted	13.2%	12,101	12.1%	10,347
Multi Asset Credit	13.1%	12,009		
Fair value of scheme assets		91,673		85,516
Present value of funded obligations		(111,671)		(115,419)
Net liability		(19,998)		(29,903)

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 15 – RETIREMENT BENEFIT OBLIGATIONS (continued)

McCloud Judgment – Impact on NILGOSC Pension Liability

The scheme net liability includes an amount for the impact of the McCloud judgement and GMP Equalisation and Indexation.

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 2022 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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 15 – RETIREMENT BENEFIT OBLIGATIONS (continued)

McCloud and 2016 Valuation Cost Control (continued)

The 2016 Scheme Valuation requires adjustment as a result of the ‘McCloud remedy’. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the ‘McCloud remedy’, scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

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).

See note 18.2 Contingent Liabilities.

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

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 15 – RETIREMENT BENEFIT OBLIGATIONS (continued)

Amount Charged to Operating Expenditure

	2022	2021
	£'000	£'000
Current Service Cost	4,154	2,998
Employers contributions	(1,563)	(1,517)
Movement*	9	55
	<u>(1,554)</u>	<u>(1,462)</u>
Total Operating Charge	<u>2,600</u>	<u>1,536</u>

*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.

Amount Charged to Interest

	2022	2021
	£'000	£'000
Interest income on assets	(1,794)	(1,616)
Interest expense on defined benefit obligation	2,405	2,116
Net Interest Charge	<u>611</u>	<u>500</u>

Amount Charged to the Statement of Changes in Taxpayers' Equity

	2022	2021
	£'000	£'000
Return on plan assets in excess of that recognised in net interest	<u>(4,598)</u>	<u>(13,795)</u>
Actuarial loss/(gain) due to liability experience	269	(810)
Actuarial (gain)/loss due to changes in financial assumptions	(7,650)	20,065
Actuarial gain due to changes in demographic assumptions	(1,128)	-
Movement*	(9)	(55)
	<u>(8,518)</u>	<u>19,200</u>
Actuarial (gain)/loss	<u>(13,116)</u>	<u>5,405</u>

*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.

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 15 – RETIREMENT BENEFIT OBLIGATIONS (continued)

Change in Pension Assets

	2022	2021
	£'000	£'000
Opening fair value of assets	85,516	70,403
Interest income on assets	1,794	1,616
Contributions by participants	532	502
Contributions by employer	1,563	1,517
Re-measurement gain on assets	4,598	13,795
Net benefits paid out	(2,330)	(2,317)
Closing Fair Value of Assets	91,673	85,516

Change in Benefit Obligations

	2022	2021
	£'000	£'000
Opening Defined Benefit Obligation	115,419	92,865
Current service cost	4,154	2,998
Interest expense on defined benefit obligation	2,405	2,116
Contributions by participants	532	502
<i>Re-measurements:</i>		
Actuarial loss/(gain) due to liability experience	269	(810)
Actuarial (gain)/loss due to changes in financial assumptions	(7,650)	20,065
Actuarial gain due to changes in demographic assumptions	(1,128)	-
	(8,509)	19,255
Net benefits paid out	(2,330)	(2,317)
Closing Defined Benefit Obligation	111,671	115,419

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 15 – RETIREMENT BENEFIT OBLIGATIONS (continued)

Amounts for the Current and Previous Accounting Periods

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Fair value of assets	91,673	85,516	70,403	77,064	71,385
Present value of defined benefit obligation	(111,671)	(115,419)	(92,865)	(93,631)	(88,309)
Net deficit	(19,998)	(29,903)	(22,462)	(16,567)	(16,924)
Experience gain/(loss) on assets	4,598	13,795	(8,144)	3,310	1,714
Experience (loss)/gain on liabilities	(269)	810	(521)	(90)	(282)
	4,329	14,605	(8,665)	3,220	1,432
Re-measurement gain/(loss) on assets	4,598	13,795	(8,144)	3,310	1,714
Re-measurement gain/(loss) on obligation	8,509	(19,255)	4,690	(1,664)	(1,858)
Re-measurement (loss)/gain recognised in other comprehensive expenditure (before adjustment for movement)	13,107	(5,460)	(3,454)	1,646	(144)

The projected pension expense for the year to 31 March 2023 to be charged to the Statement of Comprehensive Net Expenditure in 2023, is shown in the table below.

	31 March 2023
	£'000
Current service cost	3,892
Net interest on net defined benefit liability	518
Projected Pension Expense	4,410
	31 March 2022
	£'000
Current service cost	4,214
Net interest on net defined benefit liability	611
Projected Pension Expense	4,825

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 15 – RETIREMENT BENEFIT OBLIGATIONS (continued)

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 2022 of changes in key assumptions:

	Approximate % increase/(decrease) in liability	Approximate monetary increase/ (decrease) in liability £'000
0.1% decrease in Discount Rate	2.0	2,233
1 year increase in Member Life Expectancy	(3.5)	(3,908)
0.1% decrease in the Salary Increase Rate	(0.4)	(447)
0.1% decrease in the Pension Increase Rate	(1.5)	(1,675)

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 16 - CAPITAL AND OTHER COMMITMENTS

16.1 Capital Commitments

Contracted capital commitments at 31 March 2022 not otherwise included in these annual accounts are as follows:

	2022 £'000	2021 £'000
Property, plant and equipment	37,622	7,393
Total	<u>37,622</u>	<u>7,393</u>

NIFRS is in phase 2 of building a Learning and Development Centre at Cookstown (LDCC) which accounts for £34,499k of Capital Commitments. (2020-21:£721k LDCC Design phase).

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 16 – CAPITAL AND OTHER COMMITMENTS (continued)

16.2 Other Commitments

NIFRS has entered into non-cancellable contracts (which are not leases or PFI contracts). The payments to which NIFRS has committed during 2021/22 analysed by the period during which the commitment expires are as follows:

	2022 £'000	2021 £'000
Expires within 1 year	1,134	521
Expiry after 1 year but not more than 5 years	-	-
Expiry thereafter	-	-
	<hr/>	<hr/>
Total	<u>1,134</u>	<u>521</u>

Payments relate to a number of Communications, HR and IT contracts.

NOTE 17 - COMMITMENTS UNDER LEASES (IAS 17 disclosures)

17.1 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:

	2022 £'000	2021 £'000
Land		
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	16,470	16,830
	<hr/> 18,270	<hr/> 18,630
Buildings		
Not later than 1 year	24	80
Later than 1 year and not later than 5 years	74	113
Later than 5 years	-	-
	<hr/> 98	<hr/> 193
Other		
Not later than 1 year	43	48
Later than 1 year and not later than 5 years	119	180
Later than 5 years	-	-
	<hr/> 162	<hr/> 228

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

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

17.1 Operating Leases from lessee arrangements (continued)

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

	2022 £'000	2021 £'000
Sublease payments	<u>117</u>	<u>52</u>
	117	52
Lease payments recognised as an expense in the period	<u>713</u>	<u>860</u>
	713	860

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.

17.2 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:	2022 £'000	2021 £'000
Land & Buildings		
Not later than 1 year	18	15
Later than 1 year and not later than 5 years	16	16
Later than 5 years	<u>-</u>	<u>-</u>
	34	31

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 18 - 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.

	2022 £'000	2021 £'000
Limited Self Insurance:		
Employer Liability	510	409
Vehicle Liability	41	25
	<u>551</u>	<u>434</u>

18.1 Self-Insurance

NIFRS operates a policy of limited self-insurance and has detailed at Note 14 a provision of £2,672k in respect of Public Liability, Employer Liability, Vehicle Liability and Breach of Employment Law claims which were unsettled at 31 March 2022 (2021: £2,624k). While this is the anticipated sum to meet the liability there is potential for a further liability of £551k (2021: £434k). 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.

18.2 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

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 18 – CONTINGENT LIABILITIES (continued)

18.2 GMP Indexation and Equalisation (continued)

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.

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.

18.3 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 and it is expected that this case will not be heard until 2022 or later. Based on the position in the NHS in England, Scotland and Wales, an accrual at 31 March 2022 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.

3 Financial Statements (continued)

3.1 Operating Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 18 – CONTINGENT LIABILITIES (continued)

18.3 Court of Appeal Judgement on backdated PSNI Holiday Pay (continued)

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 £401k in the accounts for the 2019-20 and 2020-21 holiday pay liability (2020-21:£404k for 2018-19, 2019-20 and 2020-21). A provision of £1,732k (2020-21: £1,582k) 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.

18.4 Discount rate for special damages

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. Previously, the rate in Northern Ireland was set by the Department of Justice in accordance with principles set out by the House of Lords in Wells v Wells, and was changed under that framework, (from 2.5%) to -1.75%, with effect from 31 May 2021. Following enactment of the Damages (Return on Investment) Act (Northern Ireland) 2022 in February 2022, the rate is now determined by the Government Actuary who completed his first review under the new legislative framework in March 2022, resulting in the rate changing again to -1.5% with effect from 22 March 2022.

NOTE 19 - 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 (2020-21: none).

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 20 - FINANCIAL PERFORMANCE TARGETS

20.1 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:

	2022 £'000	2021 £'000
DoH (excludes non cash)	86,195	82,837
Non cash RRL (from the DoH)	<u>(27,783)</u>	<u>25,400</u>
Total Revenue Resource Limit to Statement of Comprehensive Net Expenditure	<u>58,412</u>	<u>108,237</u>

20.2 Capital Resource Limit

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

	2022 £'000	2021 £'000
Gross Capital Expenditure	8,269	8,334
NBV of fixed asset disposals	<u>(13)</u>	<u>(33)</u>
Net capital expenditure	8,256	8,301
Capital Resource Limit	<u>(8,301)</u>	<u>(8,326)</u>
Underspend against CRL	<u>(45)</u>	<u>(25)</u>

20.3 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.

	2022 £'000	2021 £'000
Net Expenditure	(58,412)	(108,248)
RRL	<u>58,412</u>	<u>108,237</u>
Deficit against RRL	-	(11)
Break Even Cumulative position (opening)	<u>378</u>	<u>389</u>
Break Even Cumulative position (closing)	<u>378</u>	<u>378</u>

3 Financial Statements (continued)
3.1 Operating Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 20 - FINANCIAL PERFORMANCE TARGETS (continued)

20.3 Financial Performance Targets (continued)

Materiality Test:

	2022 %	2021 %
Break Even in year position as % of RRL	<u>0.00</u>	<u>(0.01)</u>
Break Even cumulative position as % of RRL	<u>0.65</u>	<u>0.35</u>

NOTE 21 – CORPORATION TAX

	2022	2021
Corporation Tax	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>

NOTE 22 – 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 19 October 2022.

3 Financial Statements (continued)

3.2 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 Pension Scheme ('the Scheme') for the year ended 31 March 2022 under the Fire and Rescue Services (Northern Ireland) Order 2006. The financial statements comprise: the Combined Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted 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 the Scheme's affairs as at 31 March 2022 and of its combined 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 and Regularity of Public Sector Bodies 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 that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, 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.

3 Financial Statements (continued)

3.2 Pension Accounts (continued)

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (continued)

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.

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 Northern Ireland Fire and Rescue Service and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the Annual Report, the Report of the Manager and the Report of the Actuary 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 Northern Ireland Fire and Rescue Service 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:

3 Financial Statements (continued)

3.2 Pension Accounts (continued)

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (continued)

- 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, Accountability Report, Report of the Manager and the 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 Performance Report, Accountability Report, Report of the Manager or the Report of the Actuary. 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
- 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.

Responsibilities of the Northern Ireland Fire and Rescue Service and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Northern Ireland Fire and Rescue Service 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 Scheme'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 the Scheme will not continue to be provided in the future.

3 Financial Statements (continued)

3.2 Pension Accounts (continued)

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (continued)

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 Fire and Rescue Services (Northern Ireland) Order 2006 and Department of Health directions issued thereunder;
- 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 the Scheme'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: contributions receivable, expenditure recognition and posting of unusual journals;
- 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 regulation;

3 Financial Statements (continued)

3.2 Pension Accounts (continued)

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly (continued)

- 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. 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

I have no observations to make on these financial statements.



**Dorinnia Carville
Comptroller & Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
19 October 2022**

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Report of the Managers

INTRODUCTION

Firefighters' Pension Schemes

As at 31 March 2022 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 actuarial valuations by a professionally qualified actuary are required with sufficient regularity that the amounts recognised in the financial statements do not differ materially from those determined at the reporting period date. FReM provides an interpretation of the IAS 19 standard and this standard requires the present value of defined benefit obligations to be determined with sufficient regularity that the amounts recognised in the financial statements do not differ materially from those determined at the reporting period date. The data used for these disclosures will be used for the funding valuation of the scheme as at 31 March 2020. We are not aware of any reason why this data (together with the cash flow information referred to) is not suitable for the purpose of producing the 2021/22 disclosures required by the Authority.

The 2016 valuation assumptions are retained for demographics whilst financial assumptions are updated to reflect current financial conditions and a change in financial assumption methodology. The 2016 valuation is the most recently completed valuation, since the 2020 valuation is ongoing which is why the demographics assumptions are not updated.

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.

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Report of the Managers (continued)

Firefighters' Pension Schemes (continued)

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 2021-22 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.

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Report of the Managers (continued)

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 Furnival Street
London
EC4A 1AB

Auditor:

Comptroller and Auditor General
for Northern Ireland
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Bankers

Bank of Ireland
1 Donegall Square South
Belfast
BT1 5LR

Employers:

Principal Employer

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

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Report of the Managers (continued)

Changes to the Schemes

Following the completion of the 2012 Scheme valuation new employee and employer rates were introduced from 1 April 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; and*
- *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.

Membership Statistics

Details of the current membership of all the Firefighters' Pension Schemes is as follows

	FPS	NFPS	CARE	Total
Active Members				
At 1 April 2021	81	119	1,462	1,662
Retirees	(28)	(26)	(35)	(89)
Joiners	-	-	104	104
Deferreds	-	-	(25)	(25)
Death	-	-	(1)	(1)
Transfers in	-	-	20	20
Transfers Out	(11)	(9)	-	(20)
At 31 March 2022	42	84	1,525	1,651
Deferred Members				
At 1 April 2021	40	146	149	335
Members leaving who have deferred pension rights	(2)	(12)	-	(14)
Members taking up deferred pension rights	-	-	50	50
At 31 March 2022	38	134	199	371

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Report of the Managers (continued)

Membership Statistics (continued)

Pensions in Payment

At 1 April 2021	998	338	7	1343
Retirees	55	25	1	81
Deferreds	1	2	0	3
Death	(18)	(2)	0	(20)
Survivor Pensioners	5	3	0	8
At 31 March 2022	1,041	366	8	1,415

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 2022 (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 £1,228,201k (31 March 2021: £1,086,366k). 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.

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Report of the Managers (continued)

Key Developments (continued)

There have been no significant changes to pension contributions or benefits during the financial year 2021/22.

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.

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Report of the Managers (continued)

Events after the Reporting Period

There were no events after the Reporting Period.

Audit Services

The Financial Statements for 2021-22 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. Her Certificate is on pages 142-146.

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, (2020-21: £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

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.

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Report of the Actuary

A. Liabilities

The present value as at 31 March 2022 of expected future benefit payments under the NIFRS Pension Schemes, for benefits accrued in respect of employment (or former employment) prior to 31 March 2022, 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:

	Firefighters' Pension Scheme 2007 £'000	New Firefighters' Pension Scheme 2007 £'000	Firefighters' Pension Scheme CARE 2015 £'000
Actives (past service)	345,710	65,320	164,690
Deferred Pensioners	12,250	4,250	2,060
Current Pensioners (excluding injury)	544,080	14,190	2,250
Retained Settlement	-	79,490	-
	902,040	163,250	169,000

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 2022 is based on a standard contribution rate as determined at the start of the year.

	% of Pensionable Pay		
	Firefighters' Pension Scheme 2007	New Firefighters' Pension Scheme 2007	Firefighters' Pension Scheme CARE 2015
Current Service Cost	95.1%	63.0%	110.1%

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 2021-22 was £36,300k (2020-21: £35,500k) derived from contributions payable by employers over the year. In relation to the pensionable payroll for the financial year, the Current Service Costs are shown overleaf:

3 Financial Statements Continued)

3.2 Pensions Accounts (continued)

Report of the Actuary (continued)

B. Accruing Costs (continued)

	Firefighters' Pension Scheme (NI) 2007 £'000	New Firefighters' Pension Scheme (NI) 2007 £'000	Firefighters' Pension Scheme (NI) 2015 CARE £'000
Current Service Cost	2,620	1,010	35,710
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 2021-22 Pension Accounts.

The cost of benefits accruing in the period 1 April 2021 to 31 March 2022 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 2020/21 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).

3 Financial Statements Continued)

3.2 Pensions Accounts (continued)

Report of the Actuary (continued)

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 2021/22 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 2021/22 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 (FRoM) issued by HM Treasury. The main financial assumptions are set in accordance with FRoM. The assumptions proposed by the Government Actuary's Department and agreed with NIFRS in nominal terms are:

Rate of discounting scheme liabilities	1.55%
A rate of CPI	2.90%
A rate of increase in pensions	2.90%
A rate of CARE revaluation	4.15%
Long term rate of increase in salaries	4.15%
Short term rate of increase in salaries	4.15%

3 Financial Statements Continued)

3.2 Pensions Accounts (continued)

Report of the Actuary (continued)

E. Sensitivity Analysis

The indicative effects on the total liability as at 31 March 2022 of changes to the key financial and demographic assumptions are as follows:

The Firefighters' Pension Scheme (Northern Ireland) 2007

Change in assumption*	Impact on DBO	
	%	£ Million
Rate of discounting scheme liabilities 0.5% a year	(9.0)	(81.0)
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	8.0	74.0
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	4.0	35.0

The New Firefighters' Pension Scheme (Northern Ireland) 2007

Change in assumption*	Impact on DBO	
	%	£ Million
Rate of discounting scheme liabilities 0.5% a year	(15.0)	(21.0)
Long term rate of increase in salaries 0.5% a year	6.0	6.0
Rate of increase in pensions / deferred revaluation 0.5% a year	10.0	15.0
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	3.5	6.0

The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE)

Change in assumption*	Impact on DBO	
	%	£ Million
Rate of discounting scheme liabilities 0.5% a year	(15.5)	(26.0)
Long term rate of increase in salaries 0.5% a year	6.0	10.0
Rate of increase in pensions / deferred revaluation 0.5% a year	10.5	18.0
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	3.5	6.0

* 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.

3 Financial Statements Continued)

3.2 Pensions Accounts (continued)

Report of the Actuary (continued)

F. Notes

The Report of the Actuary has been compiled by the Government's Actuary Department on 29 April 2022. 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
29 April 2022

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Combined Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2022

	Note	2022 £'000	2021 £'000
Income			
Contributions receivable	3	18,359	17,577
Transfers in	4	196	615
Combined income		18,555	18,192
Expenditure			
Pension Cost – Current Service Costs/Past Service Costs	6	(39,340)	(35,590)
Transfers in	8	(196)	(615)
Interest on Scheme Liabilities	9	(13,710)	(18,240)
Gross expenditure		(53,246)	(54,445)
Combined Net Expenditure		(34,691)	(36,253)
Other Comprehensive Net Income (Expenditure)			
Recognised gains and losses for the financial year:		£'000	£'000
Actuarial loss	14.7	(117,101)	(55,687)
Total Comprehensive Expenditure for the year ended 31 March		(151,792)	(91,940)

The Notes on pages 163-185 form part of these Accounts.


3 Financial Statements (continued)


3.2 Pensions Accounts (continued)

Combined Statement of Financial Position for Year Ended 31 March 2022

	Note	2022 £'000	2021 £'000
Current Assets			
Receivables	10	5,743	4,661
Cash and cash equivalents	11	433	501
Total Current Assets		6,176	5,162
Current Liabilities			
Payables (within 12 months)	12	(80)	(40)
Provisions (Revised Commutation Factors)	13	(8)	(8)
Total Current Liabilities		(88)	(48)
Net Current Assets, excluding Pension Liabilities		6,088	5,114
Pension Liability:			
Firefighters' Pension Scheme (NI) 2007	14.2	(902,040)	(810,910)
New Firefighters' Pension Scheme (NI) 2007	14.3	(163,250)	(146,730)
Firefighters' Pension Scheme (NI) 2015 (CARE)	14.4	(169,000)	(133,840)
Total Pension Liabilities		(1,234,290)	(1,091,480)
Net Liabilities, including Pension Liabilities		(1,228,201)	(1,086,366)
Taxpayers' Equity:			
General Fund		(1,228,201)	(1,086,366)
		(1,228,201)	(1,086,366)

The Accounts on pages 163-185 were approved by the Board on 5 July 2022 and were signed on its behalf by:

Signed:  Chairperson Date: 19 October 2022

Signed:  Accounting Officer Date: 19 October 2022

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Combined Statement of Cash Flows for Year Ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash Flows from Operating Activities			
Combined Net Expenditure for the year less movement and payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(34,691)	(36,253)
(Increase)/decrease in receivables	10	(1,082)	11
Increase in payables	12	40	40
Increase in Pension Provision – Firefighters’ Pension Scheme			
Firefighters’ Pension Scheme (NI) 2007	14.2	91,130	32,700
New Firefighters’ Pension Scheme (NI) 2007	14.3	16,520	12,070
Firefighters’ Pension Scheme (NI) 2015 (CARE)	14.4	35,160	37,570
Pension Re-measurements			
Firefighters’ Pension Scheme (NI) 2007	14.2	(104,037)	(40,898)
New Firefighters’ Pension Scheme (NI) 2007	14.3	(15,211)	(9,920)
Firefighters’ Pension Scheme (NI) 2015 (CARE)	14.4	2,147	(4,869)
Net Cash Outflow from Operating Activities		<u>(10,024)</u>	<u>(9,549)</u>
Cash Flows from Financing Activities			
Grant in aid		9,956	9,910
Net Financing		<u>9,956</u>	<u>9,910</u>
Net (Decrease)/increase in Cash & Cash Equivalents in the year	11	<u>(68)</u>	<u>361</u>
Cash & Cash Equivalents at the beginning of the year	11	<u>501</u>	<u>140</u>
Cash & Cash Equivalents at the end of the year	11	<u><u>433</u></u>	<u><u>501</u></u>

The Notes on pages 163-185 form part of these Accounts.

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Combined Statement of Changes in taxpayers' Equity for Year Ended
31 March 2022

	2021 £'000
Balance at 1 April 2020	(1,004,336)
Grant from Parent Department	9,910
Comprehensive Net Expenditure for the year	(36,253)
Actuarial loss	(55,687)
Net change in Taxpayers' Equity	<u>(82,030)</u>
Balance at 31 March 2021	<u>(1,086,366)</u>
	2022 £'000
Balance at 1 April 2021	(1,086,366)
Grant from Parent Department	9,956
Comprehensive Net Expenditure for the year	(34,691)
Actuarial loss	(117,101)
Net change in Taxpayers' Equity	<u>(141,836)</u>
Balance at 31 March 2022	<u>(1,228,201)</u>

The Notes on pages 163-185 form part of these Accounts.

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

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.

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

2 STATEMENT OF ACCOUNTING POLICIES (continued)

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

The Combined Statement of Financial Position at 31 March 2022 shows a liability of £1,228,201k (2021:£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 2021-22.

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 £1,573k, (2020-21: £875k) 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.

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

2 STATEMENT OF ACCOUNTING POLICIES (continued)

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 95.1% of pensionable pay in The Firefighters' Pension Scheme (Northern Ireland) 2007, 63% of pensionable pay in The New Firefighters' Pension Scheme (Northern Ireland) 2007 and 110.1% of pensionable pay in The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE), as determined at the start of 2021-22.

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 2021-22.

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 2022 of 1.55%.

2.10 Other Payments

Other payments are accounted for on an accruals basis.

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

2 STATEMENT OF ACCOUNTING POLICIES (continued)

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 1.55% real (ie, 2.90% including CPI inflation).

The Schemes apply assumptions for the discount rate and the rate of inflation as prescribed by HM Treasury.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required with sufficient regularity that the amounts recognised in the financial statements do not differ materially from those determined at the reporting period date. FReM provides an interpretation of the IAS 19 standard and this standard requires the present value of defined benefit obligations to be determined with sufficient regularity that the amounts recognised in the financial statements do not differ materially from those determined at the reporting period date. The 2021-22 accounts are based on membership data as at 31 March 2016 since it was not practicable to utilise data as 31 March 2020 within the time parameters available. The value of the liabilities as at 31 March 2022 has been calculated by rolling forward the liability calculated as at 31 March 2016 to 31 March 2022. The 2016 valuation assumptions are retained for demographics whilst financial assumptions are updated to reflect current financial conditions and a change in financial assumption methodology. The 2016 valuation is the most recently completed valuation, since the 2020 valuation is ongoing which is why the demographics assumptions are not updated.

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.

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

2 STATEMENT OF ACCOUNTING POLICIES (continued)

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 2022

NIFRS has reviewed the accounting standards, interpretations and amendments to published standards that became effective during 2021-22 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.

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

2 STATEMENT OF ACCOUNTING POLICIES (continued)

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. From 1 April 2022 all members will join the CARE Scheme and the other schemes will no longer be operational.

SCHEME	ERS RATE 2020/2021	ERS RATE 2022/2023
The Firefighters' Pension Scheme (NI) 2007	39.6%	n/a
The New Firefighters' Pension Scheme (NI) 2007	23.6%	n/a
The New Firefighters' Pension Scheme (Amendment) 2015	39.6%	n/a
The Firefighters' Pension Scheme (NI) 2015 (CARE)	31.1%	31.1%

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

2 STATEMENT OF ACCOUNTING POLICIES (continued)

The Firefighters' Pension Scheme (NI) 2007	
Salary Band 2021-2022	EES RATE 2021/2022
Up to £15,609	11.0%
£15,610 to £21,852	12.2%
£21,853 to £31,218	14.2%
£31,219 to £41,624	14.7%
£41,625 to £52,030	15.2%
£52,031 to £62,436	15.5%
£62,437 to £104,060	16.0%
£104,061 to £124,872	16.5%
More than £124,872	17.0%

The New Firefighters' Pension Scheme (NI) 2007	
Salary Band 2020-2021	EES RATE 2021/2022
Up to £15,609	8.5%
£15,610 to £21,852	9.4%
£21,853 to £31,218	10.4%
£31,219 to £41,624	10.9%
£41,625 to £52,030	11.2%
£52,031 to £62,436	11.3%
£62,437 to £104,060	11.7%
£104,061 to £124,872	12.1%
More than £124,872	12.5%

Firefighters' Pension Scheme (NI) 2015 (CARE)			
Salary Band 2020-2021	EES RATE 2021/2022	Salary Band 2022-2023	EES RATE 2022/2023
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

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

2 STATEMENT OF ACCOUNTING POLICIES (continued)

In addition, NIFRS makes one off payments in respect of ill-health retirements which effectively increase the employers' contributions.

SCHEME	ERS RATE incl ill health 2021/2022	ERS RATE incl ill health 2022/2023
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 14 and 17.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

	2022 £'000	2021 £'000
Employer	11,705	11,589
Employer contributions – ill health retirements	1,573	875
Employee	5,081	5,113
	<u>18,359</u>	<u>17,577</u>

NOTE 4 – PENSION TRANSFERS IN (see also Note 8)

	Note	2022 £'000	2021 £'000
New Firefighters' Pension Scheme (NI) 2007	14.3	80	238
Firefighters' Pension Scheme (NI) 2015 (CARE)	14.4	116	377
		<u>196</u>	<u>615</u>

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 5 - OTHER PENSION INCOME

This Note is not applicable to NIFRS.

NOTE 6 - PENSION COST

Current Service Cost	Note	2022 £'000	2021 £'000
Firefighters' Pension Scheme (NI) 2007	14.2	2,620	3,810
New Firefighters' Pension Scheme (NI) 2007	14.3	1,010	1,350
Firefighters' Pension Scheme (NI) 2015 (CARE)	14.4	35,710	30,430
		<u>39,340</u>	<u>35,590</u>
Past Service Cost	Note	2022 £'000	2021 £'000
Firefighters' Pension Scheme (NI) 2007	14.2	-	-
New Firefighters' Pension Scheme (NI) 2007	14.3	-	-
		<u>-</u>	<u>-</u>
Total current and past service costs		<u>39,340</u>	<u>35,590</u>

NOTE 7 - ENHANCEMENTS

This Note is not applicable to NIFRS.

NOTE 8 - TRANSFERS IN – ADDITIONAL LIABILITY (see also Note 4)

Individual transfers in from other Schemes	Note	2022 £'000	2021 £'000
New Firefighters' Pension Scheme (NI) 2007	14.3	80	238
Firefighters' Pension Scheme (NI) 2015 (CARE)	14.4	116	377
		<u>196</u>	<u>615</u>

NOTE 9 - PENSION FINANCING COST

Net Interest on Defined Liability	Note	2022 £'000	2021 £'000
Firefighters' Pension Scheme (NI) 2007	14.2	9,990	13,810
New Firefighters' Pension Scheme (NI) 2007	14.3	1,830	2,420
Firefighters' Pension Scheme (NI) 2015 (CARE)	14.4	1,890	2,010
		<u>13,710</u>	<u>18,240</u>

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 10 - RECEIVABLES – CONTRIBUTIONS DUE IN RESPECT OF PENSIONS

	2022 £'000	2021 £'000
Amounts falling due within 1 year:		
Pension prepayments	5,743	4,661
Total receivables at 31 March	<u>5,743</u>	<u>4,661</u>

NOTE 11 - CASH AND CASH EQUIVALENTS

	2022 £'000	2021 £'000
Balance at 1 April	501	140
Net change in cash balances	(68)	361
Balance at 31 March	<u>433</u>	<u>501</u>

The following balances at 31 March were held at:

Commercial banks and cash in hand	433	501
Balance at 31 March	<u>433</u>	<u>501</u>

NOTE 12 - PAYABLES – PAYMENTS DUE IN RESPECT OF PENSIONS

	2022 £'000	2021 £'000
Amounts falling due within 1 year:		
Other payables	80	40
Total payables at 31 March	<u>80</u>	<u>40</u>

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 13 - PROVISIONS FOR LIABILITIES AND CHARGES

	Pension Commutation Factors 2022 £'000	Pension Commutation Factors 2021 £'000
Balance at 1 April	8	8
At 31 March	8	8

Analysis of expected timing of Cash Flows

	Pension Commutation Factors 2022 £'000	Pension Commutation Factors 2021 £'000
Not later than 1 year	8	8
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
At 31 March	8	8

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.

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 – PENSION LIABILITIES

14.1 Assumptions underpinning the pension liability

LIABILITIES

The capitalised value as at 31 March 2022 of expected future benefit payments under the NIFRS Pension Schemes, for benefits accrued in respect of employment (or former employment) prior to 31 March 2022, has been assessed using the methodology and assumptions set out below. The results are broken down, between the various categories of members, as follows:

	Firefighters’ Pension Scheme 2007 £’000	New Firefighters’ Pension Scheme 2007 £’000	Firefighters’ Pension Scheme CARE 2015 £’000
Actives (past service)	345,710	65,320	164,690
Deferred Pensioners	12,250	4,250	2,060
Current Pensioners (excluding injury)	544,080	14,190	2,250
Retained Settlement	-	79,490	-
	902,040	163,250	169,000

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 14.1. 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.

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PENSION LIABILITIES (continued)

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 2022. The Report of the Actuary on pages 154 – 158 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 March 2022	At 31 March 2021	At 31 March 2020	At 31 March 2019	At 31 March 2018
Rate of increase in salaries	4.15%	3.72%	4.10%	4.10%	3.95%
A rate of increase in pensions in payment and deferred pensions	2.90%	2.22%	2.35%	2.60%	2.45%
Inflation Assumption (CPI)	2.90%	2.22%	2.35%	2.60%	2.45%
Nominal discount rate	1.55%	1.25%	1.80%	2.90%	2.55%
Discount rate net of price inflation	(1.35%)	(0.97%)	(0.55%)	0.30%	0.10%
Mortality rates at age 65					
Current retirements					
Females	21.5	21.4	21.3	22.0	21.9
Males	21.5	21.4	21.3	22.0	21.9
Retirements in 20 years' time					
Females	23.2	23.1	23.0	23.9	23.9
Males	23.2	23.1	23.0	23.9	23.9

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PENSION LIABILITIES (continued)

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 2022 of changes in these key assumptions.

The Firefighters' Pension Scheme (NI) 2007

Change in assumption*	Impact on DBO	
	%	£ Million
0.5% increase in Discount Rate	(9.0)	(81.0)
Life expectancy: each pensioner subject to longevity of an individual 1 year younger than assumed	4.0	35.0
0.5% increase in the Salary Increase Rate	0.5	5.0
0.5% increase in the Pension Increase Rate	8.0	74.0

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PENSION LIABILITIES (continued)

The New Firefighters' Pension Scheme (NI) 2007

Change in assumption*	Impact on DBO	
	%	£ Million
0.5% increase in Discount Rate	(15.0)	(21.0)
Life expectancy: each pensioner subject to longevity of an individual 1 year younger than assumed	3.5	6.0
0.5% increase in the Salary Increase Rate	6.0	6.0
0.5% increase in the Pension Increase Rate	10.0	15.0

The Firefighters' Pension Scheme 2015

Change in assumption*	Impact on DBO	
	%	£ Million
0.5% increase in Discount Rate	(15.5)	(26.0)
Life expectancy: each pensioner subject to longevity of an individual 1 year younger than assumed	3.5	6.0
0.5% increase in the Salary Increase Rate	6.0	10.0
0.5% increase in the Pension Increase Rate	10.5	18.0

* 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.

14.2 Analysis of Movement in Firefighters' Pension Scheme (NI) 2007 Liability

	Note	2022 £'000	2021 £'000
Scheme Liability at 1 April		810,910	778,210
Current Service Cost		2,620	3,810
Past Service Cost		-	-
Pension financing cost		9,990	13,810
		<u>12,610</u>	<u>17,620</u>
Pension Payments	14.5	(25,517)	(25,687)
Pension payments to and on account of leavers	14.6	-	(131)
Actuarial loss	14.7	104,037	40,898
Scheme Liability at 31 March		<u>902,040</u>	<u>810,910</u>

During the year ended 31 March 2022 employee contributions ranged from 11% to 17% of pensionable pay (11% to 17%: 2020-21). Employer contributions represented an average of 39.6% of pensionable pay (39.6%: 2020-21).

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PENSION LIABILITIES (continued)

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'.

14.3 Analysis of Movement in New Firefighters' Pension Scheme (NI) 2007 Liability

	Note	2022 £'000	2021 £'000
Scheme Liability at 1 April		146,730	134,660
Current Service Cost		1,010	1,350
Past Service Cost		-	-
Pension financing cost		1,830	2,420
		<u>2,840</u>	<u>3,770</u>
Pension transfers in		80	238
Pension Payments	14.5	(1,610)	(1,859)
Actuarial loss	14.7	15,211	9,920
Scheme Liability at 31 March		<u>163,250</u>	<u>146,730</u>

During the year ended 31 March 2022 employee contributions ranged from 8.5% to 17% of pensionable pay (8.5% to 17%: 2020-21). Employer contributions are at either 23.6% or 39.6% of pensionable pay (23.6% or 39.6%: 2020-21).

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.

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PENSION LIABILITIES (continued)

14.4 Analysis of Movement in Firefighters' Pension Scheme (NI) 2015 (CARE) Liability

	Note	2022 £'000	2021 £'000
Scheme Liability at 1 April		133,840	96,270
Current Service Cost		35,710	30,430
Pension financing cost		1,890	2,010
		<u>37,600</u>	<u>32,440</u>
Pension transfers in		116	377
Pension Payments	14.5	(409)	(83)
Pension payments to and on account of leavers	14.6	-	(33)
Actuarial (gain)/loss	14.7	(2,147)	4,869
Scheme Liability at 31 March		<u><u>169,000</u></u>	<u><u>133,840</u></u>

During the year ended 31 March 2021 employee contributions ranged from 11% to 13.5% of pensionable pay (11% to 13.5%: 2020-21). Employer contributions represented an average of 31.1% of pensionable pay (31.1%: 2020-21).

14.5 Analysis of Benefits Paid

	2022 £'000	2021 £'000
Firefighters' Pension Scheme (NI) 2007		
Pension Payments	18,822	18,027
Gratuities / Commutations and lump sum benefits on retirement	6,695	7,660
	<u>25,517</u>	<u>25,687</u>
New Firefighters' Pension Scheme (NI) 2007		
Pension Payments	920	806
Gratuities / Commutations and lump sum benefits on retirement	690	1,053
	<u>1,610</u>	<u>1,859</u>
Firefighters' Pension Scheme (NI) 2015 CARE Scheme		
Pension Payments	284	55
Gratuities/Commutations and lump sum benefits on retirement	126	28
	<u>410</u>	<u>83</u>

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PENSION LIABILITIES (continued)

14.6 Analysis of Payments to and on account of Leavers

	2022 £'000	2021 £'000
Firefighters' Pension Scheme (NI) 2007		
Individual transfers to other schemes	-	(131)
	<u>-</u>	<u>(131)</u>
New Firefighters' Pension Scheme (NI) 2007		
Individual transfers to other schemes	-	-
	<u>-</u>	<u>-</u>
Firefighters' Pension Scheme (NI) 2015 CARE Scheme		
Individual transfers to other schemes	-	(33)
	<u>-</u>	<u>(33)</u>

14.7 Analysis of Actuarial (Loss)/Gain

	2022 £'000	2021 £'000
Firefighters Pension Scheme (NI) 2007		
Experience (losses)/gains arising on scheme liabilities	(52,357)	13,422
Changes in financial assumptions underlying the present value of the scheme liabilities	(51,680)	(54,320)
	<u>(104,037)</u>	<u>-</u>
	<u>(104,037)</u>	<u>(40,898)</u>
New Firefighters' Pension Scheme (NI) 2007		
Experience (losses)/gains arising on scheme liabilities	(4,001)	2,550
Changes in financial assumptions underlying the present value of the scheme liabilities	(11,210)	(12,470)
	<u>(15,211)</u>	<u>-</u>
	<u>(15,211)</u>	<u>(9,920)</u>

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PENSION LIABILITIES (continued)

Firefighters' Pension Scheme (NI) 2015 CARE Scheme

Experience gains arising on scheme liabilities	14,997	7,271
Changes in financial assumptions underlying the present value of the scheme liabilities	(12,850)	(12,140)
	<u>2,147</u>	<u>(4,869)</u>
Per Statement of Changes in Taxpayers' Equity	<u>(117,101)</u>	<u>(55,687)</u>

14.8 History of Experience Gains/(Losses)

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Firefighters' Pension Scheme (NI) 2007					
Experience (losses)/gains on scheme liabilities	(52,357)	13,422	19,471	2,067	5,487
Percentage of the present value of the scheme liabilities	(5.80%)	1.66%	2.50%	0.29%	0.78%
Total amount recognised in statement of changes in Taxpayers' Equity	(104,037)	(40,898)	(59,579)	28,477	(1,563)
Percentage of the present value of the scheme liabilities	(11.53%)	(5.04%)	(7.66%)	3.99%	(0.22%)
New Firefighters' Pension Scheme (NI) 2007					
Experience (losses)/gains on scheme liabilities	(4,001)	2,550	(446)	1,618	(16,516)
Percentage of the present value of the scheme liabilities	(2.45%)	1.74%	(0.33%)	1.46%	(15.10%)
Total amount recognised in statement of changes in Taxpayers' Equity	(15,211)	(9,920)	(24,226)	7,548	(21,116)
Percentage of the present value of the scheme liabilities	(9.32%)	(6.76%)	(17.99%)	6.83%	(19.30%)

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 14 - PENSION LIABILITIES (continued)

**Firefighters' Pension Scheme (NI)
2015 (CARE)**

Experience gains/(losses) on scheme liabilities	14,997	7,271	(380)	(97)	(2,129)
Percentage of the present value of the scheme liabilities	8.9%	5.43%	(0.39%)	(0.20%)	(5.8%)
Total amount recognised in statement of changes in Taxpayers' Equity	2,147	(4,869)	(24,220)	3,213	361
Percentage of the present value of the scheme liabilities	1.27%	(3.64%)	(25.16%)	6.56%	0.99%

**Combined history of experience
(loss)/gain**

Experience (losses)/gains on scheme liabilities	(41,361)	23,243	18,645	3,588	(13,157)
Re-measurements in respect of scheme liabilities	(117,101)	(55,687)	(108,025)	39,238	(22,317)

NOTE 15 - 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 16 - LOSSES AND SPECIAL PAYMENTS

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.

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 17 - 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.

All public servants who continue in service from 1 April 2023 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 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 2022 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.

3 Financial Statements (continued)

3.2 Pensions Accounts (continued)

Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 17 - CONTINGENT LIABILITIES (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 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 2021/22 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 2022.

BSO Transition

The administration of the NIFRS pension schemes will be transitioning to Business Services Organisation (BSO) in the financial year 2022-23. 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

3 Financial Statements (continued)
3.2 Pensions Accounts (continued)
Notes to the Accounts for Year Ended 31 March 2022 (continued)

NOTE 17 - CONTINGENT LIABILITIES (continued)

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 18 - 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 19 - EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period.

NOTE 20 – DATE AUTHORISED FOR ISSUE

The Accounting Officer authorised these Financial Statements for issue on 19 October 2022.

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