



**Northern Ireland  
Fire & Rescue Service**

# **NIFRS Annual Report & Statement of Accounts 2018-19**

**Northern Ireland Fire & Rescue Service (NIFRS)  
Annual Report and Statement of Accounts  
For the year ended 31 March 2019**

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

on

10 July 2019

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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 and Statement of Accounts for 2018-19.

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 2018-19 NIFRS started a transformational journey which will require us to look at different ways of delivering our service. This is a real opportunity for us to break down barriers to ensure we work with other public sector services to ensure we all use our resources in the most effective and efficient way to improve the safety and wellbeing of those most vulnerable in our community.

To begin our transformational journey we reviewed and agreed a revised Purpose Statement and Values which will go live on 1 April 2019. As a Board we also initiated an organisational wide review of structures and during the latter half of 2018-19, the Corporate Management Team (CMT) structure was reviewed with a view to realigning central structures under 5 key headings – Service Delivery; Service Support; Transformation, Performance & Governance; Human Resources; and Finance. These structures become operational on 1 April 2019.

In April and June 2018, 57 new Wholetime Trainee Firefighters graduated from our Learning & Development Centre (LDC) and during the year we also recruited On-Call Firefighters on 32 Stations. Additionally we welcomed 22 community based fire safety education Volunteers who have been busy delivering fire safety messages across the Cookstown, Downpatrick and Coleraine Station areas. These Volunteers are playing a vital role in supporting NIFRS fire safety education activities to help reduce accidental house fires and therefore help reduce fire deaths and injuries.

During the year, the contract for the new Command & Control Mobilising System was signed following completion of a collaborative procurement process with Scottish Fire & Rescue Service. This is a significant capital investment for NIFRS worth £5.94m and will help us deliver an even more effective and efficient operational service to the public by harnessing the latest technology to manage the mobilisation of resources to incidents and to provide enhanced communication between the incident ground and our Regional Control Centre (RCC).

I was also delighted to see good progress being made in-year in building Phase 1 of our new LDC at Desertcreat, and in November 2018 the fleet & equipment, supplies, communications and research & development functions moved into the new Service Support Centre (SSC) at Boucher Road in Belfast.

Throughout the year the Board continued to monitor progress on the implementation of 13 Business Improvement Projects; the aim of each project is to improve future service delivery whilst also addressing a large number of historical audit recommendations. I am pleased to report that significant progress has been made with 80% of the outstanding internal audit recommendations fully implemented, 19% partially implemented and 1% not yet implemented. The only historical recommendations moving into 2019-20 relate to longer term projects; implementation of structural reviews; and/or a requirement for IT or other capital investment.

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

# SECTION 1 - PERFORMANCE REPORT

## 1.1 PERFORMANCE OVERVIEW

Whilst the role of a Firefighter has changed in the last 20 years, NIFRS, through the provision of prevention, protection, resilience and response activities, delivers a fire and rescue service, and works in partnership with others to ensure the safety and wellbeing of the community.

Understanding our performance is crucial for continuous improvement and transparency. To assist this, a central Data Analysis Hub was established during 2018-19 and data analysis methodologies reviewed and, as required, applied to historical performance.

During 2018-19, the number of 999 calls handled by our Regional Control Centre (RCC) personnel and the number of incidents attended increased. We received 38,511 emergency calls (+5.6% on 2017-18) and attended 24,586 incidents (+2.0% on 2017-18).

Whilst call volume increased it was pleasing to see a continued reduction in the number of Hoax Calls received (-9.7% on 2017-18), and the skill demonstrated by RCC personnel at call management and call challenge resulted in Fire Crews mobilising to less than 40% of those calls (415 mobilisations).

It is no longer fires but road traffic collisions, flooding and water rescues, animal rescues, incidents involving chemical, biological or radioactive substances as well as search and rescue incidents to which we are increasingly tasked. During 2018-19, our operational statistics show us responding to 744 road traffic collisions and 2,252 special service calls.

Due to the sustained dry weather period in July 2018 we attended unprecedented numbers of gorse fires in the period 1 to 15 July 2018. During that 2 week period we attended 1,061 incidents (92 in 2017-18) which represented a 1,053% increase on the same period in the prior year.

One of our key targets is to reduce the number of deaths as a result of accidental dwelling fires. Whilst the number of accidental dwelling fires decreased to 809, unfortunately during 2018-19 6 people still lost their lives in accidental dwelling fires. We continue to work hard towards our ultimate goal, to ensure that no-one in Northern Ireland loses their life as a result of an accidental house fire, and in doing so we will continue to engage with the public, identifying and targeting those most at risk from fire in our community.

We have signed 86 partnerships across the voluntary and statutory sectors to help us to identify and engage with those people who need our help the most, including those aged over 60 and people with mobility or health issues which would impact on their ability to respond to a fire.

During 2018-19, Firefighters carried out 5,272 home fire safety checks providing advice and fitting 5,734 smoke alarms. There were 13,951 Strategically Targeted Areas of Risk (STAR) visits completed in 2018-19, giving free advice and as a result of these visits 799 home fire safety checks were completed.

With organisational restructuring and significant capital investment taking place to help improve our service delivery, it is an exciting time for NIFRS but it also presents a challenge as we, like other public services, are living in a tight financial climate. We are committed to providing the best value fire and rescue service to the public. Our annual Firefighter salary costs equate to just under £28 per head of population (based on Northern Ireland Statistics and Research Agency 2017 mid-year population estimate of 1.871 million people) however, the need to effectively manage our resources remains a priority.

A number of key projects came to fruition during the year which will help us achieve greater efficiencies. This included the opening of our new £7.8m SSC in Belfast which facilitated the movement of staff from 3 separate locations into one building. This brought key service support staff and services together to support us in delivering real business improvement across the organisation.

Throughout the year building work progressed on Phase 1 of our new LDC - a dedicated, purpose-built facility to meet our training needs. Phase 1 will support our critical training infrastructure and includes a tactical firefighting facility of 6 floors offering realistic, simulated firefighting scenarios as well as a welfare and classroom building. Handover is anticipated early in 2019-20 and work has already started on the planning and design stages for Phase 2 of the project which will cover the remainder of the training infrastructure works.

We also invested over £2.5m in 4 new Turntable Ladder (TTL) Appliances. With a ladder reach of 42m, they are one of the highest articulated ladder appliances in use across the UK. This investment is part of NIFRS ongoing fleet replacement strategy and the new Appliances will replace the older VEMA Aerial Appliances. The TTLs have been allocated to Springfield, Northland, Knock and Portadown Fire Stations.

Other key capital projects that have progressed in-year include the replacement of the Command & Control Mobilising System and significant work was undertaken to strengthen and enhance our IT infrastructure, systems and resilience.

Throughout the year we worked closely with DoH and the Home Office to identify and monitor any potential impacts on service delivery provision as a result of the UK exit from the European Union. We also engaged with RoI colleagues on any potential impacts the EU exit might have on existing cross-border response arrangements.

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

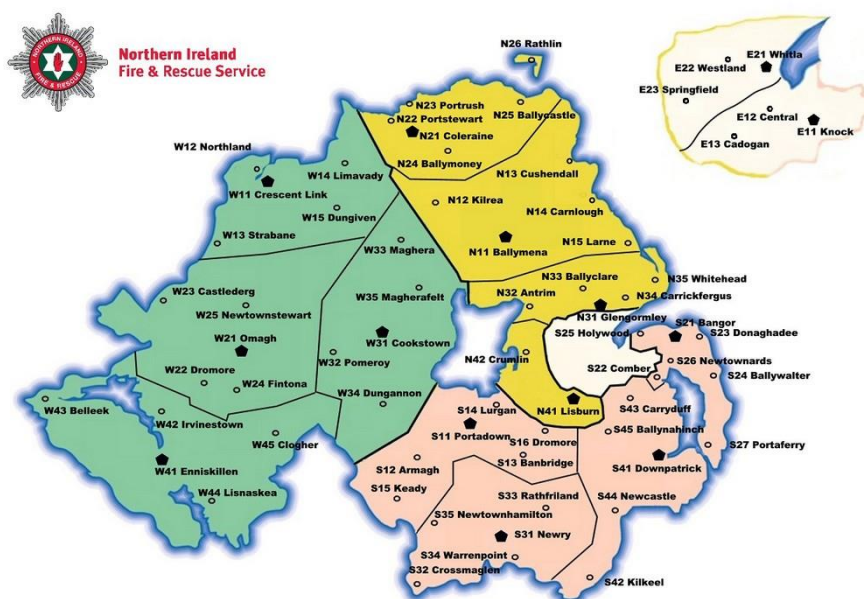
During 2018-19 we laid the foundation for a stronger organisation and thanks to the continued support and professionalism of our staff we are moving in the right direction and will be able to bring about the necessary change and improvement required. The passion and pride of our people and the role they play in protecting our community is demonstrated every day and we thank all our staff for their significant contribution to public safety in Northern Ireland.



## NIFRS – Who We Are and What We Do

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

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



**Our Vision:** Protecting Our Community.

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

**Our Values:**

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

## 1.2 PERFORMANCE ANALYSIS

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

Strategic Aim	Key Performance Indicator	CPI No	Corporate Performance Indicators
Prevention, Protection and Emergency Response	Reduce the number of human fatalities from fires and as a result of incidents involving special service calls	CPI 1	<b>999 Emergency Response:</b> achieve and maintain local 999 emergency response standard of 75% appliances attending an incident within the set target times
		CPI 2	<b>Number of fatalities in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3-year average baseline
	CPI 3	<b>Number of people at risk (as defined within the NIFRS People at Risk Strategy 2016-2021) fatalities in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline	
	CPI 4	<b>Number of accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline	
	CPI 5	<b>Number of dwelling fires attended with no working smoke alarm:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 2015-16 baseline	
	CPI 6	<b>Number of injuries in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline	
	CPI 7	<b>Number of deliberate primary fires:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline	
	CPI 8	<b>Number of deliberate secondary fires:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline	

Strategic Aim	Key Performance Indicator	CPI No	Corporate Performance Indicators
		CPI 9	<b>Number of Mobilised Hoax Calls:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline
Supporting Our People	Ensure resource availability is maintained	CPI 10	<b>Sickness Absenteeism:</b> Achieve an average of 10 days/shift lost per year by 2019
		CPI 11	<b>Number of attacks causing injury to personnel:</b> target is zero attacks causing injury to personnel; benchmark against the 3 year average baseline
		CPI 12	<b>Number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable accidents:</b> reduce by 1% year on year (5% reduction from 2021) from the 3 year average baseline
Effectively Managing Resources	Ensure financial break-even of resources and capital budgets in line with Departmental allocations. We will establish sound environmental management processes	CPI 13	<b>Financial Management:</b> Achieve a breakeven target of 0.25% or £20k (whichever is the greater) of revenue allocation for 2018-19
		CPI 14	<b>Environmental Management:</b> Reduce total NIFRS CO2 emissions by a minimum of 10% by 2020 or as directed by the NI Executive/UK Government.
Effective Governance, Performance and Improvement	Increase the quality of service provision to all our stakeholders. Develop and implement a change management process across all departments	CPI 15	<b>Efficiencies:</b> Develop and implement an effective risk assessed savings plan for 2018-19

## Reporting on Corporate Performance Indicators

Corporate Performance Indicator	Target / Average Baseline	2016-17	2017-18	2018-19
<b>CPI1: 999 Emergency Response:</b> achieve and maintain local 999 emergency response standard of 75% appliances attending an incident within the set target times (to be superseded when revised Standards are agreed)	Response Area Targets			
	1 <sup>st</sup> Appliance High 75% 6min Medium 75% 12min Low 75% 21min	52% 74% 92%	44.8% 65.4% 88.2%	50.1% 69.1% 92.7%
	2 <sup>nd</sup> Appliance High 75% 9min Medium 75% 15min Low 75% 24min	59% 63% 85%	56.4% 52.9% 76.4%	58.3% 62.9% 86.4%
	<b>CPI2: Number of fatalities in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3-year average baseline*	3 year average baseline: 9.3  2018-19 Target: 8.7	   9	   4
<b>CPI3: Number of people at risk (as defined within the NIFRS People at Risk Strategy 2016-2021) fatalities in accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline*	3 year average baseline: 5.3  2018-19 Target: 5	   **	   1	   3
<b>CPI4: Number of accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline*	999 year average baseline: 888  2018-19 Target: 835	   826	   896	   809
<b>CPI5: Number of dwelling fires attended with no working smoke alarm:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 2015-16 baseline	2015-16 baseline: 166  2018-19 Target: 156	   121	   148	   129
<b>CPI6: Number of injuries in accidental dwelling fires*:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline	999 year average baseline: 94  2018-19 Target: 88.4	   93	   93	   82

\* requiring attendance at hospital

Corporate Performance Indicator	Target / Average Baseline	2016-17	2017-18	2018-19
<b>CPI7: Number of deliberate primary fires:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline*	999 year average baseline: 1,327  2018-19 Target: 1,247	1,386	1,180	1,062
<b>CPI8: Number of deliberate secondary fires:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline*	999 year average baseline: 4,833  2018-19 Target: 4,543	4,753	5,050	5,659
<b>CPI9: Number of Mobilised Hoax Calls:</b> reduce by 2% year on year (10% reduction by 2021) from the 3 year average baseline*	999 year average baseline: 433  2018-19 Target: 407	414	466	415
<b>CPI10 Sickness Absenteeism:</b> Achieve an average of 10 days/shift lost per year by 2019	2018-19 Target: 10	13.4	13.15	13.7
<b>CPI11: Number of attacks causing injury to personnel:</b> target is zero attacks causing injury to personnel; benchmark against the 3 year average baseline*	3 year average baseline: 1.3  2018-19 Target: 0	2	1	0
<b>CPI12: Number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable accidents:</b> reduce by 1% year on year (5% reduction from 2021) from the 3-year average baseline*	3 year average baseline: 41  2018-19 Target: 39.8	17	19	28

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

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

## Operational and Community Protection Statistics

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

<b>Performance Measurement (1)</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>% change from 2017-18 &amp; 2018-19 (4)</b>
<b>Regional Control Centre</b>				
999 Calls managed by RCC	35,414	36,462	38,511	+5.6%
Incidents Mobilised	23,241	24,102	24,586	+2.0%
Hoax Calls Received	1,694	1,160	1,048	-9.7%
Mobilisations to Hoax Calls	414	466	415	-11.0%
<b>Operational Response</b>				
Primary Major Fires Mobilised (2)	3,164	2,976	2,860	-3.9%
Deliberate Primary Fires	1,383	1,165	1,062	-8.8%
Accidental Dwelling Fires	824	896	809	-9.7%
Accidental Dwelling Fire Fatalities	9	4	6	+50.0%
Accidental Dwelling Fire Fatalities – People at Risk	(3)	1	3	+200%
Major Fire Rescues	46	52	47	-9.6%
Major Fire Casualties	422	411	420	+2.2%
Road Traffic Collisions Mobilised	741	790	744	-5.8%
Road Traffic Collision Fatalities (only at RTCs NIFRS mobilised to)	41	40	38	-5.0%
Road Traffic Collision Rescues	49	50	40	-20.0%
Road Traffic Collision Casualties	1,093	1,102	1,052	-4.5%
Special Service Calls Mobilised (Excludes RTCs)	2,164	2,341	2,252	-3.8%
Special Service Call Fatalities (Excludes RTCs)	40	33	36	+9.0%
Special Service Call Rescues (Excludes RTCs)	675	806	662	-17.9%
Special Service Call Casualties (Excludes RTCs)	421	425	403	-5.2%
Gorse Fires	1,650	2,094	3,155	+50.7%
Secondary Fires – Other (2)	3,409	3,351	3,232	-3.6%
False Alarms due to Alarm Systems	8,608	8,970	8,760	-2.3%

<b>Prevention Activity</b>				
Fire Safety Audits	1,832	1,476	1,074	-27.2%
Home Fire Safety Checks	3,878	4,423	5,272	+19.2%
Smoke Alarms Fitted During HFSC	4,005	3,228	5,734	+77.6%
Strategically Targeted Areas of Risk (STAR)	(5)	(5)	13,951	(5)

#### Notes

- (1) Following establishment of a central Data Analysis Hub, data analysis methodologies were reviewed during 2018-19 and as required historical outcomes restated using the revised methodology.
- (2) A reportable fire is an event of uncontrolled burning involving flames, heat or smoke attended by a UK Fire Brigade. Reportable fires are classified for data collection purposes by the Department of Communities and Local Government into 2 main categories: Major (Primary) Fires and Secondary Fires.
  - Major (Primary) Fires are generally more serious fires occurring in one or more of the following locations: buildings, mobile homes, caravans, trailers, vehicles and other methods of transport (not derelict), outdoor storage, plant, machinery, agricultural and forestry property, other outdoor structures including post boxes, tunnels, bridges. Any fire involving casualties or rescues, or a fire that was attended by 5 or more fire appliances or a fire which spread from one secondary location to another would also be categorised as a primary fire.
  - Secondary fires are generally smaller fires which were attended by 4 or fewer fire appliances and which are confined to the following locations: outdoor locations (gardens, grassland, heathland, hedges), fires involving rubbish, street or railway furniture, fires in single derelict buildings or vehicles, chimney fires.
- (3) Figures for 2016-17 are not comparable with 2017-18 onwards as the reporting criteria changed and a like-for-like comparison is not therefore applicable.
- (4) All percentages have been rounded to one decimal place for reporting purposes.
- (5) 2018-19 was the first full year of the STAR initiative therefore prior year outcomes not available.

## Community Protection Activities

In 2017-18 NIFRS launched its People at Risk Strategy which included a review of all prevention activities.

<b>Prevention Theme</b>	<b>Activity</b>	<b>2017/18</b>		<b>2018/19</b>	
		<b>Engagement Events</b>	<b>Audience Reached</b>	<b>Engagement Events</b>	<b>Audience Reached</b>
Fire Safety in the Home	Leaflets	1,874	48,798	2,134	70,838
	Youth Engagement	409	21,530	267	9,348
	Safety Team	691	20,573	726	22,695
	Chip Pan Demos	12	616	6	1,008
	Community Safety Vehicle	1		0	
	Bee Safe	25	4,122	28	6,499
	Events/Exhibitions	165	37,297	99	24,413
	Talks	96	2,789	73	1,900
People at Risk	Leaflets	409	23,273	169	9,020
	Partnership Development	0	0	17	122
	Talks	134	3,287	112	2,180
	Events/Exhibitions	30	13,760	26	1,444
	Replacement Smoke Alarms	338		318	
	Home Fire Safety Checks	4,423		5,272	

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



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

## **AIM:**

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

## **OUTCOMES:**

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

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

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

Below is a summary of activity in 2018-19 across the 6 key IRMP Objectives -

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

During 2018-19 NIFRS reviewed its risk methodology to ensure that the layers making up the methodology accurately reflect its risk profile; that each layer can stand independently of each other; and that outcomes can be used effectively for the targeting of prevention activities.

Following this review, a number of change proposals were made and implemented, specifically, the dwelling fire risk module was expanded to consider population and deprivation; the other building fire risk module now considers the number and type of 'other building' premises within an area; and the special service other risk module has been refined to remove any incidents which do not have a sufficient associated life risk to warrant a life risk weighting being applied. No change was made to the road traffic collision risk module.

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

As part of the transformational process, NIFRS carried out an organisation wide review of structure during the latter half of 2018-19. As a result the CMT structure was reviewed with a view to realigning central structures under 5 key headings – Service Delivery; Service Support; Transformation, Performance & Governance; Human Resources; and Finance. These structures become operational on 1 April 2019.

Other reviews such as the Area & District; Flexi Duty; and Mobilisation reviews were ongoing during 2018-19 and will inform decisions on service delivery modelling going forward.

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

In line with NIFRS Road Safety Strategy (2018–2021) a new virtual reality road safety education programme aimed at 16-24 year olds was implemented within pre-identified high risk areas. The programme, which was focused on the causes and consequences of road traffic collisions, was delivered in partnerships with other key agencies, community and local sporting and educational groups in order to make the most effective use of NIFRS resources. 165 'Your Choice' Programmes were delivered to 2,107 young people, with 28 road safety partnerships developed including Irish Football Associate (IFA) and Gaelic Athletic Association (GAA).

Additionally, in conjunction with our road safety partners, we played an important role in helping raise awareness of irresponsible road user behaviour throughout Road Safety Week, which took place 19 to 25 November 2018. The safety of those on 2 wheels - cyclists and motorcyclists - was in the spotlight, with those road users being more susceptible to death and injury.

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

RDS is now managed by a dedicated team led by the Group Commander (Service Delivery). This team is responsible for developing and delivering strategies and policies.

During 2018-19 they -

- Managed RDS recruitment in 29 Stations (following a review of current establishment levels and a number of other risk factors);
- Managed RDS promotions on 17 Stations (following a review of current establishment levels and a number of other risk factors);
- Widened the 'Day Time Plus' contract across additional Stations (to provide operational cover Monday-Friday during normal working hours);
- Recruited personnel for new 'banded' contracts pilot (this contract requires Firefighters to provide an aggregate of core hours across the weekend and the conventional working week); and
- Developed a Service Delivery Support Team Pilot, involving 3 personnel, to operate within the boundaries of Downpatrick District.

The RDS team engaged regularly with RDS personnel through sessions with representatives from all RDS Stations and the annual RDS Watch Commanders Conference in February 2019.

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

During 2018-19 NIFRS developed proposals for reporting actual outcomes which can then be compared with other Fire & Rescue Services.

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

Throughout 2018-19 NIFRS worked closely with colleagues from the Northern Ireland Ambulance Service (NIAS) to scope out opportunities for collaboration in terms of

shared estate, vehicle maintenance; and training facilities. These opportunities will be further explored in 2019-20.

## **NIFRS Resilience Capabilities**

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

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

NIFRS operational capabilities include:

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

To provide operational assurance of NIFRS capability to respond to these types of incidents, procedures are regularly tested.

## **Emergency Planning**

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

NIFRS Resilience and Area Command Teams co-ordinated 57 Emergency Response Plans (ERPs) for pre-planned events. ERPs are part of the multi-agency approach to emergency planning and are supported at a strategic level by NIFRS Officers in the Command Room and RCC at Headquarters.

During 2018-19 NIFRS utilised a number of UK-wide Fire & Rescue Service models and structures to help support and enhance service delivery.

## **Prevention & Protection**

### Fire Safety - Reduction in Accidental Dwelling Fires

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 from 809 compared to 896 (-9.7%) in 2017-18, unfortunately during 2018-19 6 people (+50% on 2017-18) still lost their lives in accidental dwelling fires.

NIFRS has a statutory duty to keep people safe from the dangers of fire and throughout 2018-19 targeted its fire safety prevention activities on people deemed to be at higher risk from an accidental house fire. Statistics show that older people and those with mobility and/or health issues which would impact on their ability to respond to a fire are deemed to be at higher risk from having an accidental fire in their home.

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

The Strategy clearly defines how NIFRS will deliver positive outcomes for the community by ensuring that fire safety prevention activity is directed and targeted in an efficient and effective manner, delivering timely interventions to those most at risk from fire.

Positive outcomes can only be delivered by working in collaboration with other organisations. The Strategy promotes and develops partnership working as a means of reducing the number of accidental house fires and subsequently deaths and injuries as a result.

### Targeted Interventions

Since the Strategically Targeted Areas of Risk (STAR) initiative was launched NIFRS have been focusing interventions at specific geographical locations based on incident data. STAR areas were identified from an analysis of operational risk data, an index of deprivation areas, census data of people at risk and the response time of the nearest fire appliance. During 2018-19 NIFRS personnel visited 13,951 homes to provide fire safety advice and offer a free home fire safety check to people at risk. As a result of STAR visits 799 home fire safety checks were completed. The STAR initiative will run until March 2021.

### Fire Safety Volunteers

In line with other UK Fire & Rescue Services, NIFRS recruited Volunteers to support community based fire safety activity. During 2018-19, 22 community based fire safety education Volunteers have been busy delivering fire safety messages across the Cookstown, Downpatrick and Coleraine Station areas. These Volunteers are playing a vital role in supporting NIFRS fire safety education activities to help reduce accidental house fires and therefore help reduce fire deaths and injuries.

## **Road Safety**

In 2018-19 Fire Crews attended 744 RTCs, a 5.8% decrease on 2017-18. 38 people tragically lost their lives at RTCs attended by NIFRS (61 RTC fatalities in total in 2018-19 – source: PSNI Website).

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

## **Youth Engagement**

The Fire Cadet Scheme is a voluntary youth organisation within NIFRS. 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.

NIFRS has 5 Cadet Branches in Belfast, Bangor, Lisburn, Newry and Cookstown and in 2018-19 there were 146 Fire Cadets on the Scheme.

The Fire Cadets Scheme works with The Duke of Edinburgh Award Scheme and in 2018/19, 17 Fire Cadets received their Duke of Edinburgh Bronze Award and a further 7 Fire Cadets received their Gold Award.

## **Fire Safety Regulations Audits**

In 2018-19 NIFRS carried out 1,074 audits of non-domestic premises under Part 3 of The Fire and Rescue Services Order (Northern Ireland) 2006 and the Fire Safety Regulations (Northern Ireland) 2010. Non-domestic, industrial, commercial, leisure, educational and healthcare premises are required to meet the appropriate fire safety standards as detailed in the Fire Safety Regulations, and in domestic premises measures such as dry or wet rising mains and smoke control systems must be maintained. Fire Safety Inspectors provide information to help owners/managers of premises maintain the required standards. The aim is to educate and inform but, where necessary, enforce or ultimately prosecute cases of non-compliance with the fire safety requirements.

During 2018-19, NIFRS progressed 3 Enforcement Notices; 6 Prohibition Notices; and 3 prosecutions.

## Strategic Objective 2: Manage Resources

### AIM:

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

### OUTCOMES:

#### An Overview of Financial Performance

The 2018-19 budget allocations from DoH was £73.7m in respect of revenue and £14.1m for capital.

The financial key performance indicator was to achieve by 31 March 2019 the financial breakeven target of 0.25% or £20k (whichever is the greater) of revenue allocation. NIFRS achieved 0.01%.

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

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

	<b>2016-17 £000</b>	<b>2017-18 £000</b>	<b>2018-19 £000</b>
<b>Net expenditure</b>	97,968	90,084	81,390
<b>RRL</b>	97,980	90,103	81,393
<b>Break even position (%)</b>	0.01%	0.02%	0.00%
<b>Net Capital expenditure</b>	6,449	11,395	14,078
<b>CRL</b>	6,517	11,752	14,085
<b>(Under)/overspend against CRL</b>	(68)	(357*)	(7)
<b>Firefighter pension liability</b>	804,110	853,090	873,640
<b>Remeasurement gains/losses</b>	(129,043)	(22,317)	39,238

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

#### Investment in IT

In order to meet future business needs a significant transformation of NIFRS IT systems and services was required. The provision of IT infrastructure services has transferred to 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 2018-19.

Significant work has been undertaken to strengthen and enhance our IT infrastructure, systems and resilience.

A new IT service desk was introduced with a desktop portal available to log calls. The PC/Laptop/Tablet replacement process across the organisation and the replacement WAN/LAN/Corporate WiFi project is nearing completion.

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

A number of key projects which will help NIFRS achieve greater efficiencies, progressed during the year.

These projects included the opening of our new £7.8m SSC in Belfast which has facilitated the movement of staff from 3 separate locations into one building and consolidated our support services in one location.

Progression of Phase 1 of our new LDC - a dedicated, purpose-built facility providing critical training infrastructure including a tactical firefighting facility of 6 floors offering realistic, simulated firefighting scenarios as well as a welfare and classroom building. Handover is anticipated early in 2019-20 and work has already started on the planning and design stages for Phase 2 of the project which will cover the remainder of the training infrastructure works.

In November 2018, new term service contractors were appointed to carry out estate works across NIFRS. All work allocated to the contractors will be co-ordinated through NIFRS Facilities Co-Ordinators and new policies and procedures were introduced to manage the process through from reporting of defects to payments.

### **Sustainability and Energy Management**

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

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

During the year the contract for the new Command & Control Mobilising System was signed following completion of a collaborative procurement process with Scottish Fire & Rescue Service. This is a significant capital investment for NIFRS worth £5.94m and will help deliver an even more effective and efficient operational service to the public by harnessing the latest technology to manage the mobilisation of resources to incidents and to provide enhanced communication between the incident ground and RCC.

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

### **Investment in Fleet**

Fleet & Engineering Services completed the 2018-19 capital procurement plan which resulted in the delivery of 21 emergency response vehicles and 13 vans which were distributed across NIFRS as part of the ongoing fleet replacement strategy.

Additionally NIFRS invested over £2.5m in 4 new Turntable Ladder (TTL) Appliances. With a ladder reach of 42m, they are one of the highest articulated ladder appliances in use across the UK. This investment is part of NIFRS ongoing Fleet Replacement Strategy and the new Appliances will replace the older VEMA Aerial Appliances. The TTLs have been allocated to Springfield, Northland, Knock and Portadown Fire Stations.



## Strategic Objective 3: Support Our People

### AIM:

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

### OUTCOMES:

#### Resourcing

NIFRS Resourcing Team delivered a busy programme of recruitment and selection throughout 2018-19 with 47 recruitment processes for Operational, RCC and Support staff completed. The number of recruitment exercises increased from 45 in 2017-18 and whilst the activity level increased there was a reduction in cycle times for Operational and Support staff recruitment.

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

#### Appointments/Promotions

Role	No of Appointments
Director of Finance (Secondment)*	1
Head of Organisational Development*	1
Group Commanders	0
Station Commanders	35
Watch Commanders	28
Crew Commanders	0**
Firefighters – Wholetime (Full-Time)	28
Firefighters – Retained (On-Call)	64
Regional Control Centre Personnel	6
Support Staff Roles	23

\*CMT/SLT appointment

\*\*Crew Commander process completed and appointments were pending at 31 March 2019

#### Firefighter Recruitment

In April and June 2018, 2 Wholetime Trainee Firefighter intakes graduated and 57 new Firefighters became operational. A further intake of 28 Wholetime Firefighters began on 25 March 2019. The planned programme of recruitment for Retained (On-Call) Firefighters continued. 64 appointments were made across 32 Retained Stations.

#### Investors in People (IIP)

During 2018-19, 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 NIFRS 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.

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

The IIP accreditation remains in place for the next 3 years with contact from IIP in 12 and 24 months.

## **Employee Engagement and Recognition**

With a substantive workforce of 1,954 people spread over 70 sites (Stations, Districts, Areas, Service Support, LDC and Headquarters) NIFRS uses a variety of channels to communicate and engage with its employees including CMT employee engagement sessions, a staff e-zine and the Chief's Blog. One of the core values of NIFRS is 'Supporting Our People' and the annual Employee Awards recognises the contribution individuals and teams have made to public safety and NIFRS.

The 2018 Employee Awards winners were:

Chief Fire & Rescue Officer's Award  
Prevention Team, NIFRS HQ

Chairperson's Community Award  
Family Liaison Team

Outstanding Achievement – Team  
Joint Winners - Newcastle Fire Station, Regional Control Centre and Wildfire Team

Outstanding Achievement – Individual  
AGC John Gallagher, RCC

Operational Performance Award - Wholetime Watch  
Green Watch, Whitla

Operational Performance Award – Retained Station  
Maghera Fire Station

### Chief Fire & Rescue Officer Commendations

- Ballycastle & Coleraine Retained Duty System
- Ballyclare & Larne Retained Duty System
- Magherafelt & Antrim Retained Duty System
- Green Watch Newry, Warrenpoint & Newry Retained Duty System
- Red Watch Newry, Warrenpoint & Newry Retained Duty System
- Kilkeel Retained Duty System
- Ballynahinch Retained Duty System
- Newcastle Retained Duty System
- NIAS - Emergency Medical Technician, Aona MacGiolla Bhrighde and Paramedic, Shauna Loughran
- NIAS - Paramedic, John McClintock

The Long Service & Good Conduct Medal was presented by the Lord-Lieutenant for Londonderry, Mrs Alison Millar, with 50 operational personnel eligible to receive the Medal. 4 Support Staff received their Long Service Award for 20 years' service. A special award was presented to 8 Operational and Support personnel who have each completed more than 40 years' service.

A number of NIFRS staff/functions also received external recognition in a number of local and national awards.

## **Learning and Organisational Development**

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

10,582 training days were centrally delivered in 2018-19 (9,222 in 2017-18) across a range of core operational training - breathing apparatus, road traffic collision, casualty care, Wholetime and Retained Duty System trainees, compartment firefighting training, working at height, emergency fire appliance driving and operation, incident command - to other types of training on community protection and fire safety, health & safety and management development and business skills. This was a 15% increase in centrally delivered training days from 2017-18.

### **Trainee Firefighters**

During 2018-19 LDC facilitated 3 Wholetime Trainee Firefighter courses. Trainees on courses 01/2018 and 02/2018 graduated on 19 April and 21 June 2018 respectively and in total 57 new Firefighters were allocated to Stations.

28 trainees on course 01/2019 started training on 25 March 2019.

Training was also delivered to new Retained (On-Call) Firefighters who are posted at 32 different Stations.

### **Quality & Improvement Team**

The Quality & Improvement (Q&I) Faculty at the LDC created a new user-focused and integrated training platform for operational personnel called the Beehive. The Beehive dashboard which is available to all users directly from a shortcut on the desktop covers all Operational Competency Training needs.

### **Learning Management System (LMS)**

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

LMS will replace the current recording and reporting systems for learning and organisational development with one centralised learning platform. By using images, demonstration videos and audio in the online training, learning is brought to life by simulating real situations that Firefighters will have to deal with.

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

LMS will utilise intuitive technology and be available to staff 24 hours a day, 7 days a week to support learning and development along with providing access to materials and media to assist in the transition to a new, more efficient model of training.

The new LMS will be launched in 2019-20.

## **Revising the Training Curriculum**

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

## **Equality & Inclusion**

Outreach to under-represented groups is fundamental for us to attract applicants and progress a diverse workforce. Promoting firefighting as a viable career option for women and other groups remains the priority. In June we were awarded entry level Bronze Status of the Northern Ireland Diversity Chartermark, a new recognition for local employers, for our progress on gender diversity. The Chartermark will support us in improving and working towards higher level accreditation over the next 3 years.

At a national level, we were honoured to win the Guardian Public Services Award 2018 for Diversity and Inclusion, presented in London in November 2018. The judges acknowledged our work in addressing the community-background imbalance in our workforce and the improvement in our record of recruiting women.

A key aspect of our Equality Inclusion & Legal team business is employee training. We supported early intervention training with delivery of equality and dignity at work modules to new trainee Wholetime and On Call Firefighters and Firefighter Control induction programmes. A new monthly programme was also introduced for Support employees and Agency workers. The team also supported newly promoted Station Commanders by delivering a comprehensive awareness module at their induction.

In-house training design and materials were refreshed with additional areas of content. Following the Northern Ireland Human Rights Commission Travellers' Accommodation Report, the team developed new learning content on key inequalities in relation to Travellers. We also introduced training on Unconscious Bias and, in support of health and wellbeing, we expanded our Disability Awareness module to include focus on mental health and wellbeing.

During 2018-19 we engaged the services of a Chartered Psychologist to conduct in-house dyslexia assessments to support our employees. This has enabled direct support for individuals for tailored reasonable adjustments. Software solutions have also been progressed in liaison with IT.

We were also pleased to provide a disability employment support placement at Headquarters for a client from the Cedar Foundation charity. The placement proved constructive for both the Client and NIFRS and helpful feedback was given from the charity to support us in reviewing accessibility of our Headquarters building.

## **Health and Wellbeing**

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

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

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

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

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

### **AIM:**

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

### **OUTCOMES:**

#### **Organisational Restructuring**

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

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

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

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

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

Significant progress has been made in terms of internal audit recommendations throughout 2018-19. A review of the implementation of previous priority one and priority two Internal Audit recommendations was carried out at mid-year and again at year-end. At year-end, 276 (80%) out of the outstanding 347 recommendations examined were fully implemented, a further 67 (19%) were partially implemented and 4 (1%) were not yet been implemented.

Throughout 2018-19 the NIFRS Board continued to actively monitor progress on each Business Improvement Project, using Board Business Improvement Information days,

and at year-end, the only historical recommendations moving into 2019-20 relate to longer term projects; implementation of structural reviews; and/or a requirement for IT or other capital investment.

## **Information Management**

NIFRS continues to progress the Information Management agenda.

Year 1 of a 3-year Information Management Action Plan was developed to ensure that NIFRS made measurable progress in 13 key areas covering –

- Information Unit Structure;
- Policies & Procedures;
- Knowledge/Skills/Training;
- Surveys;
- Information Risk Assessments;
- Access to BSO SharePoint;
- Reporting, Audit & Review;
- Physical Transfer Practices;
- Records Management Strategy;
- Storage, Disposals & Retention;
- KPI, Accountability & Board Reporting;
- Contractor Requirements; and
- Disclosure Logs.

Action Plan Updates are presented to the Audit, Risk & Governance Committee on a quarterly basis.

## **Public Feedback**

NIFRS issues 2 surveys to the public to measure performance.

### **Operational Incident Survey**

A survey will be issued in 2019 to measure how people, involved in an incident in 2018, rated their overall experience of NIFRS at their incident. Respondents to this survey will also be asked if they wish to be added to the NIFRS Consultation Database and/or the Case-Study Database to share their experience to help promote safety campaigns.

### **Fire Safety Audit Survey**

The Fire Safety Audit Survey was issued to 500 businesses/organisations that recently had a fire safety audit. There was a 28% response rate and the main findings were:

- 46% of respondents said the survey was completed within one working day of being contacted by NIFRS;
- 21% of respondents said it would be beneficial to have a joint inspection involving all enforcing authorities;
- 99% of respondents stated the inspection caused minimal disruption to their business; and
- 99% of respondents stated they were satisfied with the service provided during the Fire Safety Audit process.

## Comments, Complaints and Appreciations

NIFRS records the Comments, Complaints and Appreciations received.

	<b>2017-18</b>	<b>2018-19</b>	<b>% Difference</b>
Complaints Total	45	46	+2.2
Formal	1	3	+200.0
Informal	44	43	-2.3
Appreciations	1,237	876	-29.2
Comments/Queries/Suggestions	22	20	-9.1

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

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

Signed: Accounting Officer

Date: 2 July 2019



## **SECTION 2 – ACCOUNTABILITY REPORT**

### **2.1 CORPORATE GOVERNANCE REPORT**

#### **DIRECTORS REPORT**

##### **Organisational Structure**

###### NIFRS Board

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

Membership of NIFRS Board as at 31 March 2019:

- Ms Carmel McKinney – Chairperson;
- Mr Michael Graham – Interim Chief Fire & Rescue Officer;
- Mr Ken Henning;
- Mr Gordon Smyth;
- Cllr Cadogan Enright;
- Cllr Robert Irvine; and
- Cllr Peter Martin.

As a result of vacancies within the NIFRS Board, Committee structures were revised to ensure continuity and the Public Appointments Unit are scheduling a recruitment exercise during early 2019-20.

###### **Corporate Management Team (CMT)**

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

Membership of CMT as at 31 March 2019 comprised of the following:

- Mr Michael Graham, Interim Chief Fire & Rescue Officer;
- Mr Alan Walmsley, Assistant Chief Fire & Rescue Officer (Director of Community Protection);
- Mr Lloyd Crawford, Interim Assistant Chief Fire & Rescue Officer (Director of Service Support);
- Mr Mark Deeney, Assistant Chief Fire & Rescue Officer (Director of Operations);
- Mr David Moore, Director of Human Resources; and
- Paula White, Interim Director of Finance.

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

- The Chief Fire & Rescue Officer role was held by the following during 2018-19: Gary Thompson (1 April to 10 December 2018); Alan Walmsley (13 December 2018 to 12 March 2019); and Michael Graham (13 March to post year-end);
- The Assistant Chief Fire & Rescue Officer (Community Protection) role was held by the following during 2018-19: Mr Alan Walmsley (1 April to 12 December 2018; and 13 March 2019 to post year-end) and Mr Aidan Jennings (1 January to 12 March 2019);
- The Assistant Chief Fire & Rescue Officer (Service Support) role was held by the following during 2018-19: Mr Michael Graham (1 April 2018 to 12 March 2019; and Mr Lloyd Crawford (13 March 2019 to post year-end); and
- The Interim Director of Finance role was held by the following during 2018-19: Mrs Wendy Thompson (1 April to 31 May 2018) and Ms Paula White (1 June 2018 to post year-end).

### **Register of Interests**

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

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

### **Personal Data Related Incidents**

NIFRS is committed to the control, management and security of information in line with the 8 principles of data protection as outlined in the General Data Protection Regulation 2016 and Data Protection Act 2018; and to the adherence of guidance set by the Information Commissioner's Office (ICO). There were 2 potential personal data breaches investigated during 2018-19 both of which were referred to the ICO who confirmed that they would be taking no action in either instance.

### **Pension Obligations**

NIFRS participates in the Northern Ireland Local Government Pension Scheme (NILGOSC) for the majority of support and Regional Control Centre (RCC) staff. This is a defined benefit pension scheme. The assets are accumulated in the scheme, which is multi-employer, and are held separately from the assets of NIFRS. Details on the Pension Obligation are set out in Note 16 of the Operating Accounts; and Note 15 of the Pension Accounts to the Statement of Accounts and additional information is set out in Accounting Policy 1.19.

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

### **Charitable Donations**

No charitable donations were made which resulted in financial expenditure in 2018-19. No charitable donations were made in 2017-18.

## **Prompt Payment**

DoH requires that NIFRS pay their trade creditors in accordance with the Better Payments Practice Code and Government Accounting rules. In 2018-19 NIFRS paid 73% of trade creditors within the 30 day target (2017-18: 88%) and 44% of trade creditors within the 10 day target (2017-18: 67%). Full details are disclosed in Note 14 of the Annual Accounts.

## **Disclosure of Information to Auditor**

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

As Accounting Officer, I confirm that the Annual Report and Statement of Accounts as a whole is fair, balanced and understandable and I take personal responsibility for the Annual Report and Statement of Accounts and the judgements required for determining that it is fair, balanced and understandable.

## **Auditors' Remuneration**

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

The cost of the audit for the year ended 31 March 2019, which pertained solely to the audit of the Annual Accounts, was £36k. Details are recorded in Note 3 of the Annual Accounts.

## **Certificate of Accounting Officer**

I certify that the Annual Report and Statement of Accounts and Notes to the Accounts (Operating Account, pages 77-113; Pension Accounts, pages 127-143) of NIFRS have been compiled from, and are in accordance with, the accounts and financial records maintained by NIFRS and with the Accounting Standards and Policies for Non-Departmental Public Bodies approved by the Department of Health.

Signed: Accounting Officer

Date: 2 July 2019

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

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

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- Observe the Accounts Direction issued by DoH, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in FReM have been followed, and disclose and explain any material departures in the Accounts;
- Prepare the Accounts on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

## **Governance Statement**

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

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

#### **Accountability Arrangements**

Under The Fire and Rescue Services (Northern Ireland) Order 2006 and The Fire and Rescue Services (Emergencies) Order (Northern Ireland) 2011, NIFRS responds to fires, road traffic collisions and other emergencies including chemical, biological, radiological or nuclear incidents, search and rescue incidents, serious flooding and serious transport incidents.

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

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

Throughout 2018-19 the appointed Accounting Officers fully complied with the Accounting Officer Memorandum.

During 2018-19 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 Prevention, Protection, Response, and Resilience functions. With an increased emphasis on partnership working, NIFRS have 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 & Response Plans.

Within the Prevention and Protections 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 86 People at Risk Partnerships and 28 Road Safety Partnerships agreed and in place.

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 Understandings. NIFRS has enhanced our collaboration and effective partnership working with partner emergency services through the combined delivery of the Joint Emergency Services Interoperability Principles (JESIP).

## **EU Exit**

NIFRS continues to work closely with the DoH EU Exit Team around EU Exit implications and are actively scoping the potential impact of a 'no deal' outcome from the UK-EU negotiations on the services it provides. Risk Registers are being maintained with issues identified around cross border mobility; cross-border information exchange; and contractual issues, if suppliers are based in the EU.

Information on the predicted financial implications of EU Exit have been developed and forwarded to DoH.

These processes will continue to be refined as more clarity emerges on the detail of the final agreement.

## **Budget**

In the continuing absence of an Executive and a sitting Assembly, the Northern Ireland Budget Act 2018 was progressed through Westminster, receiving Royal Assent on 20th July 2018, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 which received Royal Assent on 15th March 2019. The authorisations, appropriations and limits in these Acts provide the authority for the 2018-19 financial year and a vote on account for the early months of the 2019-20 financial year as if they were Acts of the Northern Ireland Assembly.

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

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

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

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

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

### **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 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 2019 and up to the date of approval of the Statement of Accounts.

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

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

#### **NIFRS Board**

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

The Chairperson and Board Members are appointed by the Minister for a period of no more than 4 years in line with the guidance of the Commissioner for Public Appointments for Northern Ireland.

During 2018-19 there were a number of changes to the NIFRS Board as follows –

- Ms Alana Jones – appointed 1 May 2018, appointment ended 27 January 2019;
- Mr Ken Millar – appointed 1 May 2018, appointment ended 27 January 2019;
- Mr James Quinn – appointed 1 May 2018, appointment ended 27 January 2019;
- Cllr William Webb – appointed 1 May 2018, appointment ended 27 January 2019;
- Mr James Barbour – tenure ended 30 September 2018;

- Mr Gordon Smyth – reappointed 1 April 2018; and
- Mr Ken Henning – tenure extended to 30 September 2022.

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

Board attendance and performance are reviewed annually as part of the Board Appraisal process. Whilst Internal Audit highlighted Board membership as a potential issue during 2018-19, all Board Meetings were quorate. Attendance at each of the 9 Board Meetings during 2018-19 was as follows:

	Jim Barbour <sup>(3)</sup>	Cadogan Enright	Ken Henning	Robert Irvine	Alana Jones <sup>(4)</sup>	Peter Martin	Carmel McKinney	Ken Millar <sup>(4)</sup>	James Quinn <sup>(4)</sup>	Gordon Smyth	William Webb <sup>(4)</sup>	CFRO <sup>(5)</sup>	Total Attendees	Board Size	% of Total
27-Apr-18 <sup>*(1)</sup>	✓	✓ (2)	✓	✓		✓	✓			✓		✓	8	8	100%
26-June-18	✓	✓	✗	✓	✓	✓	✓	✓	✓	✗	✓	✓	10	12	83%
25-Sept-18	✗	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	10	12	83%
21-Nov-18 <sup>*(1)</sup>		✓	✓	✓	✓	✗	✓	✓	✗	✓	✓	✓	9	11	82%
11-Dec-18 <sup>*(1)</sup>		✓	✓	✓	✗	✓ (2)	✓	✗	✓	✓	✗	✗	7	11	64%
19-Dec-18		✓	✓	✓ (2)	✓	✓ (2)	✓ (2)	✗	✗	✓	✗	✗	7	11	64%
22-Jan-19		✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	10	11	91%
28-Feb-19 <sup>*</sup>		✓	✓	✓		✓	✓			✓		✓	7	7	100%
26-Mar-19		✓	✓	✓		✓	✓			✓		✓	7	7	100%

(1) Special Board Meeting

(2) Not present for full meeting

(3) Tenure ended 30 September 2018

(4) Appointed 1 May 2018 - Tenure ended 27 January 2019

(5) Gary Thompson (1 April – 10 December 2018); Alan Walmsley (13 December 2018 – 12 March 2019); Michael Graham (13 March – post year-end)

\* Closed Session

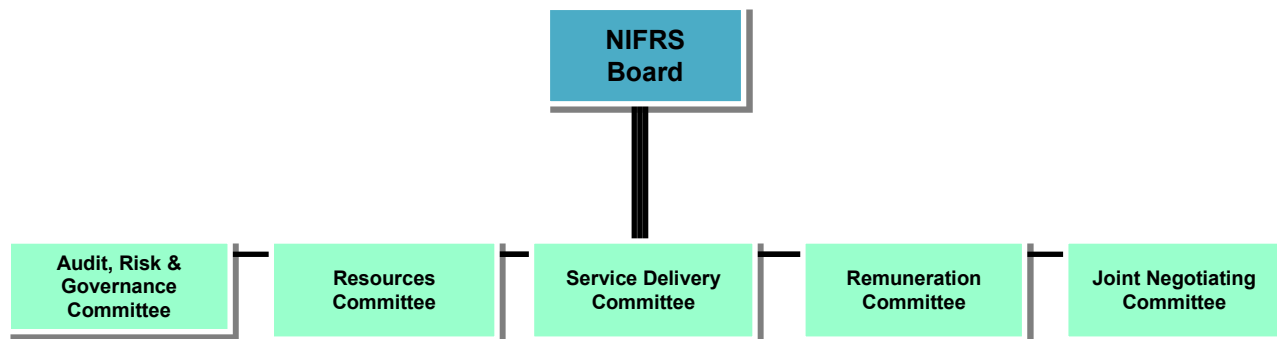
All Board Members have received a copy of the Department's Code of Conduct and Code of Accountability. Compliance with this Code is monitored by the Board Chairperson as part of each Non-Executive Board Members annual appraisal. Throughout 2018-19, Board Members have strived to behave in a manner consistent with the behaviours expected of them and within the guidelines of the Code of Conduct & Accountability.

No issues were detected in respect of Board performance during 2018-19.



## Board Committees (to 31 March 2019)

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



Whilst no specific issues were identified with respect to Board or Committee performance during 2018-19, no formal mechanism exists for monitoring performance in Board or Committee settings. This issue was identified within the Board Self-Assessment 2018-19, and the NIFRS Chairperson is currently looking at this issue with a view to implementing a monitoring mechanism during 2019-20.

### Audit, Risk & Governance Committee

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

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

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

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

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

In 2018-19 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:

- Following appointment of new non-executive directors during 2019-20, AR&GC Chairperson to ensure original AR&GC membership is reinstated and training is provided;
- Complete review of Fraud Policy & Response Plan; and
- Complete review of Whistleblowing Policy & Procedure.

Plans are in place to address these issues as part of the on-going governance review which will involve a review of key governance documents and Board information requirements. It is anticipated that this review will be completed by 31 March 2020.

### Other Standing Committees

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

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

### 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.

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

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

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

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

### New Pension Administration Arrangements

Work is ongoing to transition the administration of the pension schemes into HSC Pensions. A service level agreement is in place with HSC Pensions for the provision of fully managed pensions administration service and it is anticipated that the transition will complete during the 2019/20 financial year.

## 4 Business Planning and Risk Management

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

### NIFRS' Business Planning Process

Strategic planning sets the direction for NIFRS over a 5 year period (current planning cycle ends 31 March 2021), how it is going to get there and how it measures success.

During 2018-19 NIFRS used a vision/objective based method of planning where planning was carried out using a top-down bottom-up approach. This strategic planning process involves:

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

Top-level management, including the Board and other relevant internal/external stakeholders, were involved in developing and agreeing the existing Mission Vision and Values which were set in 2006 and which were reviewed during 2018-19.

NIFRS use various scanning techniques to determine how it is affected by its environment (internal and external) in terms of political, economic, social and technological influences. These processes look at both operational and organisational drivers to determine priorities. The combination of outcomes provides a basis for the analysis of business and environmental factors in terms of what we are doing and more importantly, what NIFRS should be doing going forward. The NIFRS Board and CMT use this information to carry out a risk assessment which clearly highlights key goals for the organisation broken up by theme and actions necessary to alleviate the highest areas of risk to the organisation.

The Annual Business Plan 2018-19 was generated based on updated strategic objectives and included DoH ALB Annual Compliance Targets. A final draft Annual Business Plan 2018-19 was presented to and approved by the NIFRS Board and DoH and became operational on 1 April 2018.

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

## NIFRS' Risk Management Process

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

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

NIFRS' risk management objectives are achieved by:

- Clearly defining the roles, responsibilities and reporting lines within NIFRS for risk management including Board; AR&GC; and Corporate Risk Management Group levels;
- Including risk management issues when writing reports and considering decisions;
- Continuing to demonstrate the application of risk management principles in the activities of NIFRS, its employees and Board Members;
- Reinforcing the importance of effective risk management as part of the everyday work of employees and Members;
- Maintaining a register of risks linked to NIFRS' corporate and operational objectives, also those risks linked to working in partnership;
- Maintaining documented procedures on the control of risk and provision of suitable information, training and supervision;
- Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence;
- Preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon NIFRS' ability to function; and
- Monitor arrangements continually and seek continuous improvement.

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

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

Senior Managers are responsible for highlighting the areas of risk within their functions which may inhibit or prevent the achievement of NIFRS' Mission, Vision and Values. Once recorded, risks are then assessed against likelihood and impact assessment tables to give an indication of overall risk; and all functional risks are then pooled. As overall resources are currently limited, work is prioritised based on highest risk and statutory compliance requirements.

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

During 2018-19 Risk Management training was provided at Area and Functional Levels and local risk registers developed across the organisation. The resultant risk registers were subject to internal audit review as part of a recent Risk Management Audit and received satisfactory assurance.

## 5 Information Risk

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

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

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

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

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

During 2018-19 NIFRS developed and implemented an information management action plan focused on addressing areas of concern including:

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

During 2018-19, 2 potential data protection breach investigated were investigated. Both were notified to the Data Protection Officer and Information Commissioner and resulted in improvements being made to the control environment.

### 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 and a Disaster Recovery site.

The ICT Security Policy is available on all desktops and staff must acknowledge the Policy every time they log onto the system. All new employees are required to read and sign a copy of the Policy as part of their induction process.

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.

BSO Internal Audit conducted an audit of ICT User Behaviour during 2018-19 and made a number of recommendations for improvement around policies, training and building security. These recommendations are being monitored via the Information Technology (IT) Business Improvement Project.

## **6 Public Stakeholder Involvement**

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

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

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

## **7 Assurance**

NIFRS' system of internal control is based on ongoing management and review processes introduced to minimise the impact of risks to the achievement of NIFRS' mission, aims and objectives. This system of internal control has been in operation throughout the financial year ended 31 March 2019 and up to the date of approval of the Annual Report and Accounts.

NIFRS' internal control environment is fundamental to the operation of the assurance framework and is designed to manage risk to acceptable levels. NIFRS' Internal Control Environment includes:

- A high level vision/core purpose embedded in the service planning, delivery, risk management and performance management frameworks;
- A hierarchical management structure governed by CMT responsible for overseeing the running of the Fire Service supported by the Strategic Leadership Team (SLT) and a range of Senior Managers responsible for the day to day management of their respective Directorates;
- A comprehensive budget setting and monitoring framework including clearly defined guidelines and responsibilities with frequent reporting of performance to the Resources Committee;
- A contracted-out Internal Audit service, meeting all professional standards, supports NIFRS in the achievement of its improvement agenda and has responsibility for the

continual review of major financial controls and the wider internal control environment;

- A Corporate Governance Framework that is assessed annually by Internal Audit in terms of compliance with the Controls Assurance Standards. Progress is reported to the CMT and the AR&GC;
- An Assurance Framework, Corporate Risk Management Strategy, Policy & Procedure, and Corporate Risk Register approved and monitored by the AR&GC and NIFRS Board. The Assurance Framework demonstrates that risk management arrangements are robust and embedded within the service planning and decision making processes of the Board;
- Regular risk management reports are presented to the AR&GC outlining key risks (and their relevant movements);
- Published Whistleblowing and Fraud Policies to ensure correct reporting and investigation of suspected fraudulent activities;
- An AR&GC to oversee the work of the Internal and External Audit functions and provide independent assurance of the effectiveness of:
  - The governance arrangements of NIFRS and its services;
  - NIFRS' risk management framework and the associated control environment; and
  - NIFRS' financial management framework processes and the way this relates to the performance of individual functions and the Service as a whole; and
- Regular briefings for Members of NIFRS Board/Standing Committees on all significant financial, operational and strategic decisions.

### Assurance Processes

Following the removal of the Controls Assurance Standards (CAS) NIFRS engaged with DoH Policy leads regarding replacement assurance processes.

A number of Policy leads have issued direction regarding the future assurance requirement, and where new assessment tools were established these have been adopted by NIFRS. Likewise where formal assurances are required to be submitted to DoH, plans are in place to ensure NIFRS meets the deadlines set.

Conversely, where no direction was issued or if there are internal control benefits, NIFRS have retained the questionnaires previously used.

BSO Internal Audit conducted a review of the post CAS assurance process and were content with the approach used by NIFRS in 2018-19.

## **8 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 2018-19 Internal Audit reviewed the following systems -

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE PROVIDED
Travel & Subsistence	Satisfactory
Travel Circular Compliance	Satisfactory
Payroll	Satisfactory
Non Pay Expenditure	Satisfactory
Budgetary Control	Satisfactory
Desertcreat Project Governance & Management	Satisfactory
Recruitment & Staff Stability	Satisfactory
ICT User Behaviour	Limited
Training	Limited
Risk Management	Satisfactory
Procurement & Management of Contracts	Satisfactory
Procurement - PaLS Sourcing	Satisfactory
Absence Management	Limited

In her annual report, the Internal Auditor reported that NIFRS' system of internal control was adequate and effective. However, weaknesses in control were identified in a number of areas as follows:

Audit Title, Assurance Level & Number of Priority 1 Findings	Details of Significant Findings
<p>ICT User Behaviour – one priority 1 findings</p> <p>Limited</p>	<ul style="list-style-type: none"> <li>▪ There were various issues identified with ICT user behaviour and whilst not evident in every site visited or discussion held, these were more than by exception. Significant issues included: <ul style="list-style-type: none"> <li>– No formal programme of ICT security awareness training to NIFRS ICT users.</li> <li>– Some users did not know how to appropriately respond to or report an ICT incident.</li> <li>– Large numbers of generic (not personally identifiable) user accounts in use.</li> <li>– Inappropriate password management by users including instances where credentials were written down.</li> <li>– Unattended devices where the screen had not been locked by the user.</li> <li>– Unawareness of encrypting sensitive data when sending by email outside of NIFRS.</li> <li>– Lack of secure printing functionality.</li> <li>– Use of personal devices for business purposes.</li> <li>– Using NIFRS email addresses for personal online activities.</li> <li>– Inadequate physical security in respect of communications cabinets and server rooms across the estate.</li> <li>– Inadequate secure disposal arrangements of ICT devices.</li> </ul> </li> </ul> <p>The existence of these issues is not surprising given the lack of formal ICT security awareness. Some issues are compounded by physical, technical, logical or physical controls arrangements which do not encourage good ICT user behaviour.</p>
<p>Training – 2 new priority 1 findings</p> <p>Limited</p>	<ul style="list-style-type: none"> <li>▪ Review of Breathing Apparatus and Compartment Fire Fighting Training highlighted: <ul style="list-style-type: none"> <li><u>Breathing Apparatus (BA)</u> <ul style="list-style-type: none"> <li>– 180 (11.7%) out of 1,541 firefighters are flagged as red on the Traffic Lights Database as at 31st October</li> </ul> </li> </ul> </li> </ul>



	<p>2018; highlighting that they have not completed BA refresher training on a timely basis, that is, within the past 2 years. This excludes those who are recorded as being not operationally active.</p> <ul style="list-style-type: none"> <li>- 5 out of 1,541 have no flag indicator recorded against them in relation to the status of their training (green, amber or red) suggesting they may never have completed BA training.</li> <li>- For the 6 month period from April 2018 to September 2018, 25.9% of available places on BA refresher courses were not filled.</li> <li>- Internal Audit reviewed a sample of 30 operational staff who were recorded as having completed BA training in 2018 and agreed this to supporting documentation.</li> <li>- Attendance forms are required to be completed by each of the 4 instructors. Internal Audit found inconsistent processes for recording attendance by the 4 instructors including the forms not being completed. On 5 out of 30 occasions the attendance forms for the course had not been signed or dated by any of the 4 course instructors,</li> <li>- Attendance forms should record a note for each attendee in relation to if they are deemed competent (C) or not yet competent (NC). On 8 out of 30 occasions, this note was left blank with no entry recorded. Discussions confirmed that if it is left blank, it is assumed the staff member is competent.</li> </ul> <p><u>Compartment Fire Fighting Training (CFFT)</u></p> <ul style="list-style-type: none"> <li>- 353 (22.9%) out of 1,541 firefighters are flagged as red on the Traffic Lights Database; highlighting that they have not completed CFFT on a timely basis, that is, within the past 3 years. This excludes those who have been recorded as not operationally active;</li> <li>- 50 out of 1,541 have no flag indicator recorded against them in relation to the status of their training (green, amber or red) suggesting they may never have completed CFFT.</li> <li>- For the 6 month period from April 2018 to September 2018, 28.2% of available places on CFFT refresher courses were not filled.</li> <li>- Internal Audit reviewed a sample of 30 operational staff who were recorded as having completed CFFT in 2018 and agreed this to supporting documentation;</li> <li>- On 1 out of 30 occasions, a staff member listed as having completed CFFT as per Traffic Lights had not actually done so when detail was traced to supporting documentation. The person was recorded on the attendance sheet as DNA (Did Not Attend) and so the information on Traffic Lights had been input inaccurately.</li> <li>- Attendance forms should record a note for each attendee in relation to if they are deemed competent (C) or not yet competent (NC). On 4 out of 30 occasions, this note was left blank with no entry recorded. Discussions confirmed that if it is left blank, it is assumed the staff member is competent.</li> </ul> <ul style="list-style-type: none"> <li>▪ A Learning Management System (LMS) is not currently operational in NIFRS. While a Project team is in place and working against the project plan, further development is needed before the LMS is fully operational. It is appreciated NIFRS have a planned go live date of 28 March 2019. In</li> </ul>
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	<p>the absence of an LMS, manual systems are in operation; these pose challenges around reporting and the usefulness of data when this is not real time information.</p>
<p>Attendance Management – no priority 1 findings</p> <p>Limited</p>	<ul style="list-style-type: none"> <li>▪ In respect of performance management and reporting: <ul style="list-style-type: none"> <li>– NIFRS has a target to achieve an average of 10 shifts lost per person by 2020. An annual target has also been set at 10 shifts lost per person. In 2017/18 the actual shifts lost per person was 13.1 and at December 2018 the projected shifts lost per person for 2018/19 is 14.5. Although Internal Audit notes that an Absence Management Action Plan has been established for 2018/19, given that the number of lost shifts appears to be increasing from 2017/18 to 2018/19 this is not focused at the right levels. Recognising that there is a reducing headcount of responsible officers, it is the view of internal audit that there is a need to revised the formal action plan and focus on understanding and promoting the right levels of accountability and responsibility for managing absence, both organisationally and culturally, with the support of HR.</li> <li>– Performance reporting to SMT and to the Resources Committee could be strengthened. The process required to generate the current performance reports is inefficient in terms of timeliness of reporting; with it taking at least one week to generate useful reports from the SoftLogic system.</li> </ul> </li>   <li>▪ There are a number of different systems used for capturing, monitoring and reporting absences. The following was noted in respect of the use of these systems: <ul style="list-style-type: none"> <li>– Medical Certificates are reviewed on a weekly basis by Payroll and then sent to the Employee Service Team for inputting to the SofLogic System. This means that it takes approximately 1 week to generate useful absence reports from SoftLogic and it means that NIFRS does not have access to real time, meaningful, absence information at any point in time.</li> <li>– In some instances Line Managers are utilising both SoftLogic and Access Database for Whole time staff absences.</li> <li>– There is no validation of the data entered onto SoftLogic or the Access Database.</li> <li>– The use of multiple systems, as well as the use of both hard and soft copy registers, represents duplication of effort which may lead to errors, inconsistencies in data and inefficiencies in the absence management reporting process. It is appreciated that NIFRS has made progress in terms of phasing out the use of paper registers and is planning on the implementation of PAMS for absence management.</li> </ul> </li>   <li>▪ 55% of supervisory level managers including crew commanders have not received absence management training since commencement of their employment. Absence management training is not mandatory.</li> </ul>

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

Since 2015-16, the Comptroller & Auditor General (C&AG) expressed concern regarding the number of outstanding recommendations and whilst not qualifying his audit opinion on the accounts of NIFRS, he decided to report on his concerns on a lack of progress in implementing a considerable number of internal audit recommendations, some of which have been outstanding for several years. In 2017-18 he stated:

“I welcome the progress NIFRS has made in recent years in addressing outstanding internal audit recommendations and that this year Internal Audit has been able to provide an overall ‘Satisfactory’ opinion in relation to the adequacy and effectiveness of the system of governance, risk management and control in place at NIFRS.

However a number of important recommendations, which could leave NIFRS vulnerable to risks from failures in internal control, are still not fully implemented. The NIFRS should continue to reduce the number of outstanding internal audit recommendations, particularly those in relation to procurement and integrated risk management”.

NIFRS continues to implement 13 Business Improvement Projects focused on reducing the volume of outstanding recommendations through improved:

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

Progress in each Business Improvement Project area is being monitored via formal written updates to the AR&GC on a quarterly basis. Board level Business Improvement Workshops were also held during 2018-19

The following movements were noted in terms of outstanding recommendations during 2018-19:

	<b>Number</b>
Number of Open Recommendations 01/04/18	222
Number of Recommendations added during 2018-19 (following AR&GC approval)	68
Number of Recommendations Closed during 2018-19*	(170)
<b>Total as at 31 March 2019</b>	<b>120</b>

The outstanding recommendation total includes all AR&GC approved recommendations, irrespective of source and/or priority, and can be broken down as follows:

Source	Total 01/04/18	Movements		Total 31/03/19	Priority			
		Added	Closed		P1	P2	P3	NP
DID	1	0	0	1	-	-	-	1
Controls Assurance	62	18	52	28	-	-	-	28
Internal Audit*	144	48	107	85	23	47	13	2
PAC	1	0	1	0	-	-	-	-
Peer Review	9	0	6	3	-	-	-	3
External Audit RTTCWG	5	2	4	3	1	1	1	-
	<b>222</b>	<b>68</b>	<b>170</b>	<b>120</b>	<b>24</b>	<b>48</b>	<b>14</b>	<b>34</b>

\* Validated by BSO Internal Audit in May 2019

### External Audit and Other Reviews

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

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

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

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

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

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

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

## 10 Internal Governance Divergences

### Prior Year Issues - Closed

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2013-14	Estates	Issues have been identified in terms of performance capacity.	A number of process, system and control issues were detected by Internal Audit during their 2012-13 Audit of Estates and these were further reiterated in an Internal Audit review of the Estates Measured Term Contract in 2016-17.	The MTC provision and related Estates processes, systems and control issues have been revised. Issues detected with current provision and longer term solution needs to be progressed and formalized following approval from the DoH.	<p><b>Closed</b> – NIFRS entered into a new Term Service Contract (TSC) on 1 November 2018. This contract provides increased controls and contract capabilities both in terms of PPM and minor works projects, and addresses the issues raised by Internal Audit as detected within the 2012-13 Audit of Estates, and further reiterated in the Internal Audit review of the Estates Measured Term Contract in 2016-17.</p> <p>A staffing structure supporting the new contract been established and fully populated. Concurrently, processes and procedures within the Estates function have been reviewed and revised.</p>
2014-15	ICT	Issues with existing business and operational ICT systems.	An independent Technical Review was carried out by Business Services Organisation (BSO) Information Technology Services (ITS) Department and the resultant report received in October 2014 highlighted a number of de-supported and end of life systems. Likewise a skills deficit within the NIFRS IT Department has also been identified.	An exercise will be carried out to prioritise recommendations made in the BSO IT Technical Report and to determine a plan going forward. NIFRS is currently discussing this matter with all relevant parties with a view to establishing a workable arrangement agreeable to all parties. Two members of staff were seconded from BSO ITS into senior roles (Head of IT and Senior IT Project Manager) within the NIFRS IT Department.	<p><b>Complete</b> – The working relationship with BSO ITS is formally documented in a SLA which was operational throughout 2018-19. On 1 April 2018 a number of NIFRS employees moved across to BSO ITS under TUPE.</p> <p>Following a Technical Review, a prioritised IT Technical Action Plan was developed and approved at Board level. Working closely with BSO Information Technology Services (ITS) this Technical Action Plan has now been implemented.</p>

**Prior Year Issues – Ongoing**

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2013-14	Information Governance	The revised Information Governance Controls Assurance Standard issued in July 2013 requires NIFRS to establish a baseline position using the Controls Assurance Standard as a base. It is expected that this will result in limited or no assurance.	NIFRS has not been able to access systems developed by DoH centrally to assist in information management and must therefore operate in isolation to put in place a solution. This will necessitate significant resource investment (staff and systems) over the next few years.	A Working Group has been established to address these issues identified in the Controls Assurance exercise.	<p><b>Ongoing</b> – Information risk within NIFRS has been assessed as critical and 2017-18 internal audit report, based around the old Controls Assurance Standard, provided limited assurance in this area.</p> <p>Given the risk around Information Governance, the Resources Committee agreed a revised structure on 9 January 2018 which facilitates the establishment of a substantive 4 person information unit within NIFRS. Job descriptions have been developed for all roles and these are currently being populated.</p> <p>An Information Management &amp; Security Manager has been in role since June 2018 and supported by the existing Information Officer, Head of PPG and new Governance, Information &amp; Business Support Services Manager he is taking forward an agreed Information Management Action Plan. Systems were established during 2018-19 and will be further embedded during 2019-20.</p> <p><b>Timescales for Resolution &amp; Closure</b> – 31 March 2020</p>
2014-15	Asset Management (including Inventory)	Issues with existing asset management systems and processes noted.	During an Asset Management Audit 2013-14 significant control weaknesses were noted and recommendations for improvement made.	Organisational responsibility has transferred to the Director of Operational Support who will be overseeing work in each of the workstreams. An Asset Management Working	<b>Ongoing</b> – NIFRS is continuing with the development of an effective approach to the management of its assets from commissioning through to disposal.

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
				Group has been established to review the process including methods of data capture, recording protocols, checking processes, acquisitions / disposal / movements.	<p>The Stock &amp; Asset Management Procedures document is now complete and is currently being implemented following NIFRS' move to the Service Support Centre (SSC).</p> <p>A clear and effective test regime is also being developed for all operational equipment on a risk basis.</p> <p>A business case was developed to allow for a pilot to be rolled out to label identified operational equipment and then capture applicable data onto the Real Asset Management (Series 5000). RAM supports accountability through the data capture of assets and inventory items to evidence testing and inspection checks.</p> <p>A full business case will be developed once the pilot is complete with a view to achieving implementation by March 2020.</p>
2014-15	Pensions	Future service provision.	In December 2014 the Pension Software was withdrawn by the software provider and all calculations are now being performed manually. The Pensions Manager, who was the only substantive employee within the Pensions Department, left NIFRS at the end of February 2015 and no replacement has been appointed. The lack of pension software has left NIFRS non-compliant with legislation as they are currently	Whilst CMT negotiates contractual arrangements around future service provision, temporary cover is being provided through the Financial Accountant.	<p><b>Timescales for Resolution &amp; Closure – 31 March 2020</b></p> <p><b>Ongoing</b> – NIFRS has procured a pensions system and is working closely with the software provider to finalise systems development requirements.</p> <p>An SLA is in place with BSO to provide pension administration services to NIFRS.</p> <p>During 2018-19 this SLA has been utilised for both advice and quality assurance purposes whilst the new</p>

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
			unable to issue Annual Benefit Statements. This issue has been notified to the Pensions Regulator.		<p>pension software is being put in place. BSO staff are currently being fully trained in NIFRS pension administration.</p> <p>Annual Benefit Statements are up-to-date for all Firefighters. NIFRS are in regular contact with the Pensions Regulator</p> <p><b>Timescales for Resolution &amp; Closure – 31 March 2020</b></p>



## 11 Conclusion

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

Further to considering the accountability framework with NIFRS and in conjunction with assurances given to me by the Head of Internal Audit, I am content that NIFRS has operated a sound system of internal governance during the period 2018-19.

Signed: Accounting Officer

Date: 2 July 2019

## **2.2 Remuneration and Staff Report**

### **2.2.1 Remuneration Report**

#### **Governance Overview**

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

The key areas of responsibility of the Committee are:

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

As at 31 March 2019, the membership of the Remuneration Committee was as follows:

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

The Committee met on the following occasions during the year ended 31 March 2019:

- 16 August 2018;
- 12 November 2018; and
- 28 February 2019.

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

NIFRS is managed by CMT which as at 31 March 2019 consisted of an Interim Chief Fire & Rescue Officer, 3 Assistant Chief Fire & Rescue Officers and 2 Support Directors, one of which is a temporary post.

#### **Remuneration and Pension Interests for the year ended 31 March 2019**

Details of the Chairperson's, non-executive Members' and CMT's remuneration and pension interests for the year ended 31 March 2019 are set out on pages 55-58.

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

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

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

NAME	2018-19				2017-18			
	Salary £'000	<sup>1</sup> Benefits in Kind (to nearest £100)	<sup>4</sup> Pension Benefits (to nearest £1000)	TOTAL £'000	Salary £'000	<sup>1</sup> Benefits in Kind (to nearest £100)	<sup>4</sup> Pension Benefits (to nearest £1000)	Total £'000
<b>Non-Executive Members</b>								
C McKinney Chairperson	25-30	400	-	25-30	25-30	400	-	25-30
J Barbour (to 30/09/18)	0-5	-	-	0-5	5-10	100	-	5-10
G Smyth	5-10	800	-	5-10	5-10	800	-	5-10
K Henning	5-10	600	-	5-10	5-10	800	-	5-10
C Enright	5-10	700	-	5-10	5-10	200	-	5-10
R Irvine	5-10	1,800	-	5-10	5-10	2,000	-	5-10
P Martin	5-10	-	-	5-10	5-10	-	-	5-10
A Jones (from 01/05/18 to 04/02/19)	0-5	300	-	0-5	-	-	-	-
J Quinn (from 01/05/18 to 04/02/19)	0-5	-	-	0-5	-	-	-	-
K Millar (from 01/05/18 to 04/02/19)	0-5	100	-	0-5	-	-	-	-
W Webb (from 01/05/18 to 04/02/19)	0-5	100	-	0-5	-	-	-	-

<b>Executive Members</b>								
<b>G Thompson</b> Chief Fire & Rescue Officer	120-125	-	37,000	160-165	120-125	100	309,000	430-435
<b>D Ashford</b> Assistant Chief Fire & Rescue Officer (to 19/05/17)	-	-	-	-	10-15 FYE 85-90	-	1,000	10-15
<b><sup>5</sup>M Graham</b> Assistant Chief Fire & Rescue Officer	90-95	-	84,000	175-180	90-95	-	224,000	315-320
<b><sup>6</sup>A Walmsley</b> Assistant Chief Fire & Rescue Officer	100-105	-	58,000	155-160	90-95	-	231,000	320-325
<b><sup>7</sup>M Rafferty</b> Assistant Chief Fire & Rescue Officer (temporary)	-	-	-	-	45-50 FYE 85-90	-	52,000	100-105
<b><sup>8</sup>M Deeney</b> Assistant Chief Fire & Rescue Officer (temporary)	90-95	-	15,000	105-110	30-35 FYE 85-90	-	22,000	50-55
<b><sup>9</sup>A Jennings</b> Assistant Chief Fire & Rescue Officer (temporary)	15-20 FYE 90-95	-	(1,000)	15-20	-	-	-	-
<b><sup>10</sup>L Crawford</b> Assistant Chief Fire & Rescue Officer (temporary)	0-5 FYE 90-95	-	1,000	5-10	-	-	-	-
<b><sup>14</sup>J Kelly</b> Director of Finance (to 06/08/17)	40-45	-	-	40-45	25-30 FYE 65-70	-	7,000	30-35
<b><sup>14</sup>D Moore</b> Director of Human Resources	140-145	400	100,000	240-245	65-70	100	14,000	80-85
<b><sup>14</sup>L Cuddy</b> Director of Planning, Performance & Governance (to 22/05/17)	30-35	-	-	30-35	10-15 FYE 65-70	-	3,000	10-15
<b><sup>11</sup>A Mills</b> Director of Finance (temporary)	-	-	-	-	20-25 FYE 60-65	-	-	20-25
<b><sup>12</sup>W Thompson</b> Director of Finance (temporary)	-	-	-	-	-	-	-	-

<sup>13</sup> P White Director of Finance (Interim) (from 01/06/18)	55-60 FYE 65-70	-			-	-	-	-
<b>Highest Earner's Total Remuneration (£'000)</b>	120-125				120-125			
<b>Median Total Remuneration (£)</b>	31,522				31,084			
<b>Ratio</b>	3.9				3.9			

NAME	2018-19				
	<sup>2</sup> Accrued pension at age 60/65 as at 31/03/19 and related lump sum £'000	<sup>3</sup> Real increase in pension at age 60/65 as at 31/03/19 and related lump sum £'000	CETV at 31/03/19 £'000	CETV at 31/03/18 £'000	Real increase in CETV £'000
<b>Executive Members</b>					
<b>G Thompson</b> Chief Fire & Rescue Officer	65	3	1,104	920	161
<sup>5</sup> <b>M Graham</b> Assistant Chief Fire & Rescue Officer – Service Support	56	5	1,317	1,140	150
<sup>6</sup> <b>A Walmsley</b> Assistant Chief Fire & Rescue Officer – Community Protection	60	4	995	819	157
<sup>8</sup> <b>M Deeney</b> Assistant Chief Fire & Rescue Officer – Operations (temporary)	36	1	558	467	79
<sup>9</sup> <b>A Jennings</b> Assistant Chief Fire & Rescue Officer (temporary)	34	-	511	509	-
<sup>10</sup> <b>L Crawford</b> Assistant Chief Fire & Rescue Officer (temporary)	44	-	1,075	1,071	2
<sup>14</sup> <b>D Moore</b> Director of Human Resources	26	6	308	231	59
<sup>11</sup> <b>A Mills</b> Director of Finance (temporary)	-	-	-	-	-
<sup>12</sup> <b>W Thompson</b> Director of Finance (temporary)	-	-	-	-	-
<sup>13</sup> <b>P White</b> Director of Finance (temporary)					

### **Notes**

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

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

FYE = Full Year Equivalent Salary.

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

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

- <sup>3</sup> Real increase in pension assumes a 2.4% increase for 2018/19 (3% for 2017/18).
- <sup>4</sup> The value of the pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) x (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase / decrease due to the transfer of pension rights.
- <sup>5</sup> This member is over 50 years of age with more than 25 years of service and therefore could retire and receive pension benefits immediately. The 2019 CETV has been calculated as if the member were a pensioner. Appointed as Interim CFRO from 13 March 2019.
- <sup>6</sup> Interim CFRO from 13 December 2018 to 12 March 2019.
- <sup>7</sup> Temporary appointment to CMT from 19 May to 26 November 2017.
- <sup>8</sup> Temporary appointment to CMT from 27 November 2017.
- <sup>9</sup> Temporary appointment to CMT from 7 January to 12 March 2019. The comparative 2018 CETV and accrued pension are calculated as at the date of joining CMT.
- <sup>10</sup> Temporary appointment to CMT from 13 March 2019. The comparative 2018 CETV and accrued pension are calculated as at the date of joining CMT.
- <sup>11</sup> Employed on an agency basis from 14 August to 29 December 2017.
- <sup>12</sup> From 25 January to 31 May 2018, Ms W Thompson, Director of Finance for the HSC Business Services Organisation, provided part-time interim Finance Director support to NIFRS, under a wider service level agreement. Her full salary, benefit in kind and CETV details are disclosed in the accounts of that organisation.
- <sup>13</sup> From 1 June 2018, Ms P White was seconded from another Public Sector Body as Finance Director.
- <sup>14</sup> During the year, approval was obtained from the Department of Finance to implement the outcome of a Job Evaluation Exercise for Support Directors conducted in line with NIFRS policy. The evaluation related to previous financial years and as such arrears were payable to both current and former Support Directors back to 2013.

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

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

The banded remuneration of the highest paid employee in NIFRS in the financial year 2018-19 was £120,000-£125,000 (2017-18: £120,000-£125,000). This was 3.9 times the median remuneration of the workforce, which was £31,522 (2017-18: £31,084).

In 2018-19, remuneration ranged from the band £0k-£5k to £120k-£125k (2017-18: £0k-£5k to £120k-£125k).

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

### **Median Total Remuneration**

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

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

There was no change in the Highest Paid Director remuneration band between 2017-18 and 2018-19.

### **Cash Equivalent Transfer Value**

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

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

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

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



## **Value of Pension Benefits**

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

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

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

## **Support Directors**

### **Pension Scheme Information**

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

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

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

### **Terms and Conditions**

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

### **Mileage Allowances**

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

## **Annual Leave**

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

## **Sickness**

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

## **Uniformed Officers**

### **Pension Scheme Information**

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

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

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

## **Terms and Conditions**

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

## **Mileage Allowances**

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

## **Annual Leave**

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

## **Sickness**

Operational Officers are entitled to sickness benefit of 6 months full pay, followed by 6 months half pay unless the absence is work related when the entitlement increases to 12 months full pay, followed by 6 months half pay.

Signed: Accounting Officer

Date: 2 July 2019

## 2.2.2 Staff Report

### Off-Payroll Engagements

NIFRS is required to disclose details of 'off-payroll' engagements at a cost of over £58,200 per annum. As per the table below, NIFRS had no 'off-payroll' engagements exceeding this cost threshold during 2018-19.

	Number of Staff
Off-Payroll Staff as at 1 April 2018	0
New engagements during the year	0
Number of engagements transferred to payroll	0
Number of engagements that have come to an end during the year	0
Other	0
Off-Payroll Staff as at 31 March 2019	0

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

Staff Costs	2019			2018
	Permanently employed staff £'000	Other £'000	Total £'000	Total £'000
Wages and Salaries	47,024		47,024	47,832
Social Security Costs	4,345		4,345	4,470
Other Pension Costs	10,516		10,516	10,602
Total Staff Costs reported in Statement of Comprehensive Net Expenditure	61,885		61,885	62,904
Staff costs exclude £138,802 charged to capital projects during the year (2018: £93,057)				

## Number of Persons Employed (Audited Information)

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

	2019			2018
	Permanently employed staff No	Other No	Total No	Total No
	Chairperson	1		1
Board Members	10		10	6
Firefighters (Full-time)	823		823	808
Firefighters (Part-time)	905		905	939
RCC Personnel	53		53	54
Administrative/Manual Agency/Temporary	174		174	174
		50	50	45
Total average number of persons employed	<b>1,966</b>	<b>50</b>	<b>2,016</b>	<b>2,027</b>
Less average staff number relating to capitalised staff costs	(2)		(2)	(1)
Total net average number of persons employed	<b>1,964</b>	<b>50</b>	<b>2,014</b>	<b>2,026</b>

## Senior Employees' Remuneration

Please refer to the Remuneration Report on page 54-59 of the Annual Report

## Staff Benefits

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

## Retirements due to Ill-Health

During 2018-19, there were 29 early retirements (2017-18: 18) from NIFRS agreed on the grounds of ill-health. The Pension liabilities in respect of the 2 and 4 times pensionable pay relating to ill-health retirees, was £1,164,184 (2017-18: £972,721). The costs borne by NIFRS Operating Accounts in 2018-19 in respect of these 29 ill-health retirees was £562,279 (2017-18: £335,882). Ill-health retirement costs are met by the Pension Scheme.

## NIFRS Staff Composition

As at 31 March 2019, NIFRS directly employed 1,954 people in operational and support roles.

	Total	Male	Female
Operational & Support Directors	6	5	1
Wholetime Firefighters	830	799	31
Retained (On-Call) Firefighters	872	834	38
Regional Control Centre Personnel	59	22	37
Support Staff	187	71	116
<b>Total</b>	<b>1954</b>	<b>1731</b>	<b>223</b>

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

## Expenditure on Consultancy

NIFRS incurred no external consultancy expenditure in 2018/19.

## 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	
	2019	2018	2019	2018	2019	2018
< £10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	1	-	1	-
£25,001 - £50,000	-	-	-	4	-	4
£50,001 - £100,000	-	-	1	-	1	-
	-	-	-	-	-	-
<b>Total number of exit packages by type</b>		-	<b>2</b>	<b>4</b>	<b>2</b>	<b>4</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total Resource Cost</b>	-	-	<b>107</b>	<b>361</b>	<b>107</b>	<b>361</b>

## Voluntary Severance

Voluntary Severance has been paid in accordance with the provisions of the Local Government Pension Scheme Regulations (NI) 2002 as amended and NIFRS Organisational Change Policy. Exit costs are accounted for in full in the year in which the exit package is approved and agreed and are included as operating expenses. Where exit packages have been agreed, the additional costs are met by the Public Sector

Transformation Fund (ill-health retirement costs are met by the Pension Scheme and are not included in the table).

### **Attendance Management**

In 2018-19 the number of days/shifts lost per person was 13.7 against a target of 10. The figure in 2017-18 was 13 days/shifts lost. The 3 main reasons for sickness absence were–

- Musculo/skeletal (28.9%);
- Mental health (30.5%); and
- Respiratory/viral (10.8%).

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 Staff and Applicants to NIFRS**

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

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

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

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

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

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

**We will:**

- Implement policies, procedures and actions to ensure that we comply with both the letter and spirit of all existing, amended and proposed fair employment, anti-discrimination and equality legislation.
- Endeavour to have a workplace and employment policies and practices that do not unreasonably exclude or disadvantage our employees, or job applicants, who have disabilities. We will comply with the duty to consider reasonable adjustments for persons with disabilities in our workplace and in recruitment.
- Remain committed to a programme of action to ensure that equality and fairness at work takes place and is respected in the workplace. All employees are required to comply with NIFRS Equality & Inclusion Statement and Equal Opportunities Policy and all other policies supporting equality, inclusion and dignity at work.
- Continue to implement an Equality & Inclusion Statement and Equal Opportunities Policy that applies to all Service users, employees, job applicants, together with anyone working on NIFRS premises including, agency workers, contractors, consultants and suppliers.

**NIFRS Staff Policies**

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



## **2.3 Accountability and Audit Report**

### **Funding**

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

### **Regularity of Expenditure**

- 2 NIFRS received satisfactory assurance in the 7 financial areas examined by Internal Audit during 2018-19. This achievement illustrates the continued probity and regularity of NIFRS expenditure.

### **Fees and Charges**

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

### **Contingent Liabilities**

- 4 Contingent liabilities are detailed within Note 22 of the Accounts. At the end of 2018-19 there was no contingent liability related to EU Exit.

### **Financial Environment**

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

### **Financial Targets**

- 6 In terms of financial targets, as illustrated in Note 25 to the Accounts, NIFRS has achieved the financial breakeven target for 2018-19. This was achieved through the establishment of a Savings Plan during the 2018-19 year and careful monitoring thereafter to deliver within the allocated budget.

### **Investment Strategy and Plans**

- 7 NIFRS' Investment Strategy and Plans going forward will be focused on areas of weakness and historic under investment, namely IT 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 the LDC at Desertcreat.

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

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

losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>Number of cases</b>	<b>£</b>	<b>£</b>
<b>Cash Losses</b>			
Overpayments of Salaries, Wages and Allowances	-	-	5,729
<b>Fruitless payments</b>			
Other fruitless payments	3	313	1,799
<b>Store Losses</b>			
Loss of Accountable Stores through any deliberate act	-	-	-
<b>Special Payments</b>			
Compensation payments	11	65,655	17,500
	<b>11</b>	<b>65,655</b>	<b>18,250</b>
<b>Total</b>	<b>14</b>	<b>65,968</b>	<b>25,778</b>

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

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

Signed: Accounting Officer

Date: 2 July 2019

## **NORTHERN IRELAND FIRE AND RESCUE SERVICE FINANCIAL ACCOUNTS 2018-19**

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

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

I certify have audited the financial statements of the Northern Ireland Fire and Rescue Service for the year ended 31 March 2019 under the Fire and Rescue Services (Northern Ireland) Order 2006. The financial statements comprise the Statements of: Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. 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 2019 and of Northern Ireland Fire and Rescue Service's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Fire and Rescue Services (Northern Ireland) Order 2006 and Department of Health directions issued thereunder.

#### **Opinion on regularity**

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

#### **Basis of opinions**

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

#### **Other Information**

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

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

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

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Health directions made under the Fire and Rescue Services (Northern Ireland) Order 2006; and

- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

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

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

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

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

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

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

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

### **Report**

I have no observations to make on these financial statements.

*KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast, BT7 1EU  
4 July 2019*

## SECTION 3 – FINANCIAL STATEMENTS

### 3.1 OPERATING ACCOUNTS

#### STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2019

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	2019 Operating £'000	2018 Operating £'000
<b>Income</b>			
Income from activities	4.1	463	435
<b>Total Operating Income</b>		<b>463</b>	<b>435</b>
<b>Expenditure</b>			
Staff costs	3	(61,885)	(62,904)
Purchase of goods and services	3	(1,783)	(1,797)
Depreciation, amortisation and impairment charges	3	(6,309)	(2,821)
Provision expense	3	211	(11,463)
Other expenditure	3	(11,663)	(11,148)
Interest on Scheme liabilities	16	(421)	(388)
<b>Total Operating Expenditure</b>		<b>(81,850)</b>	<b>(90,521)</b>
<b>Net Operating Expenditure</b>		<b>(81,387)</b>	<b>(90,086)</b>
Corporation tax	26	(3)	2
<b>Net Expenditure for the Year</b>		<b>(81,390)</b>	<b>(90,084)</b>
<b>Revenue Resource Limit (RRL)</b>	25.1	81,393	90,103
<b>Surplus against RRL</b>	25.3	<b>3</b>	<b>19</b>
<b>Other Comprehensive Expenditure</b>			
<b>Items that will not be classified to Net Operating Costs</b>			
Net gain on revaluation of property, plant and equipment	5.1/5.2	1,163	5,085
<b>Items that may be classified to Net Operating Costs</b>			
Actuarial (loss)	16	1,905	(18)
<b>Total Comprehensive Expenditure for the year ended 31 March 2019</b>		<b>(78,322)</b>	<b>(85,017)</b>

The Notes on pages 77-113 form part of these Accounts.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

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	2019 Operating £'000	2018 Operating £'000
<b>Non Current Assets</b>			
Property, plant and equipment	5.1/5.2	113,793	106,679
Intangible assets	6.1/6.2	2,845	1,026
<b>Total Non Current Assets</b>		<b>116,638</b>	<b>107,705</b>
<b>Current Assets</b>			
Inventories	10	1,005	904
Trade and other receivables	12	561	2,771
Other current assets	12	637	342
<b>Total Current Assets</b>		<b>2,203</b>	<b>4,017</b>
<b>Total Assets</b>		<b>118,841</b>	<b>111,722</b>
<b>Current Liabilities</b>			
Trade and other payables	13	(14,916)	(12,885)
Cash and cash equivalents	11	(469)	(395)
Provisions (Insurance)	15	(1,792)	(1,711)
Provisions (Compensation Scheme)	15	(3,230)	(3,070)
<b>Total Current Liabilities</b>		<b>(20,407)</b>	<b>(18,061)</b>
<b>Total Assets less Current Liabilities</b>		<b>98,434</b>	<b>93,661</b>
<b>Non Current Liabilities</b>			
Provisions (Compensation Scheme)	15	(84,980)	(88,854)
Pension liabilities - NILGOSC	16	(16,567)	(16,924)
<b>Total Non Current Liabilities</b>		<b>(101,547)</b>	<b>(105,778)</b>
<b>Total Assets less Total Liabilities</b>		<b>(3,113)</b>	<b>(12,117)</b>
<b>Taxpayers' Equity and Other Reserves</b>			
Revaluation reserve		15,271	14,108
SoCNE reserve		(18,384)	(26,225)
		<b>(3,113)</b>	<b>(12,117)</b>

The Accounts on pages 77-113 were approved by the Board on 2 July 2019 and were signed on its behalf by:

Signed: Chairperson Date: 2 July 2019

Signed: Chief Fire & Rescue Officer (Interim) Date: 2 July 2019

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

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

	Note	<b>2019</b> Operating £'000	<b>2018</b> Operating £'000
<b>Cash Flows from Operating Activities</b>			
Net deficit after interest/net operating expenditure		(81,390)	(90,084)
Adjustments for non cash items	3	6,212	2,664
Decrease/(increase) in trade & other receivables	12	1,915	(1,281)
(Increase)/decrease in inventories	10	(101)	41
Increase/(decrease) in trade payables	13	2,031	4,925
Use of provisions:			
Pension provision utilised (NILGOSC)	16	(357)	1,369
Increase /(decrease) in provision (insurance)	15	81	376
Provision utilised (compensation)	15	(3,714)	7,554
Pension remeasurements	16	1,905	(18)
<b>Net cash outflow from Operating Activities</b>		<b><u>(73,418)</u></b>	<b><u>(74,454)</u></b>
<b>Cash flows from Investing Activities</b>			
Purchase of property, plant & equipment	5.1/5.2	(12,331)	(10,623)
Purchase of intangible assets	6.1/6.2	(1,802)	(792)
Proceeds from sale of assets		151	177
<b>Net cash outflow from Investing Activities</b>		<b><u>(13,982)</u></b>	<b><u>(11,238)</u></b>
<b>Cash flows from Financing Activities</b>			
Grant-in-aid		87,326	85,936
<b>Net Financing</b>		<b><u>87,326</u></b>	<b><u>85,936</u></b>
<b>Net (decrease)/increase in Cash &amp; Cash Equivalents in the year</b>	11	<b><u>(74)</u></b>	<b><u>244</u></b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	11	<b><u>(395)</u></b>	<b><u>(639)</u></b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	11	<b><u>(469)</u></b>	<b><u>(395)</u></b>

The Notes on pages 77-113 form part of these Accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2019

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

	Note	SoCNE Reserve £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 1 April 2017</b>		(23,859)	9,024	(14,835)
<b>Changes in Taxpayers' Equity 2017-18</b>				
Grant from DoH		85,936	-	85,936
Other reserves movements including transfers		1,800	-	1,800
Comprehensive expenditure for the year - Operating		(90,084)	5,085	(84,999)
Actuarial Loss on LGPS Pension	16	(18)	-	(18)
<b>Balance at 31 March 2018</b>		<b>(26,225)</b>	<b>14,108</b>	<b>(12,117)</b>
<b>Changes in Taxpayers' Equity 2018-19</b>				
Grant from DoH		87,326	-	87,326
Comprehensive expenditure for the year - Operating		(81,390)	1,163	(80,227)
Actuarial Loss on LGPS Pension	16	1,905	-	1,905
<b>Balance at 31 March 2019</b>		<b>(18,384)</b>	<b>15,271</b>	<b>(3,113)</b>

The Notes on pages 77-113 form part of these Accounts.



## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2018**

### **NOTE 1 - STATEMENT OF ACCOUNTING POLICIES**

#### **1.0 Authority**

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

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

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

#### **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.

#### **1.2 Currency & Rounding**

The Accounts are presented in UK Pounds sterling, rounded to the nearest £1,000.

#### **1.3 Property, Plant and Equipment**

Property, plant and equipment assets comprise land, buildings, transport equipment, plant & machinery, information technology, furniture & fittings and assets under construction.

##### ***Recognition***

Property, plant and equipment must be capitalised if:

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

- items form part of the initial equipping and setting-up cost of a new building, or project, irrespective of their individual or collective cost.

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

### ***Valuation of Land and Buildings***

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

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

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

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

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

Fair values are determined as follows:

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

### ***Modern Equivalent Asset***

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

## **Assets Under Construction (AUC)**

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

## **Short Life Assets**

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

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

## **Revaluation Reserve**

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

## **1.4 Depreciation and Amortisation**

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

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

The following asset lives have been used:

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

## **1.5 Impairment Loss**

If there has been an impairment loss due to a general change in price, the asset is written down to its recoverable amount, with the loss charged to the Revaluation Reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure within the Statement of

Comprehensive Net Expenditure. If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the Statement of Comprehensive Net Expenditure and an amount up to the value of the impairment in the Revaluation Reserve is transferred to the Statement of Comprehensive Net Expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited firstly to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there and, thereafter, to the Revaluation Reserve.

## **1.6 Subsequent Expenditure**

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

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

## **1.7 Intangible Assets**

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

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

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

### **Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of NIFRS business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life.

They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, NIFRS; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

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

Intangible assets acquired separately are initially recognised at fair value.

### **Measurement**

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

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

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that the sale is highly probable.

A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset and the sale is considered likely to be concluded within 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 proceeds from the sale of assets is recognised within operating income. On disposal, the balance for the asset on the Revaluation Reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve.

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

### **1.9 Inventories**

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

### **1.10 Income**

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

## Grant-in-Aid

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

### **1.11 Investments**

NIFRS does not have any investments.

### **1.12 Other Expenses**

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

### **1.13 Cash and Cash Equivalents**

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

### **1.14 Leases**

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

#### NIFRS as Lessee

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

#### NIFRS as Lessor

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

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

NIFRS has had no PFI transactions during the year.

## 1.16 Financial Instruments

### Financial Assets

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

Financial assets are initially recognised at fair value.

### Financial Liabilities

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

Financial liabilities are initially recognised at fair value.

### Financial Risk Management

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

### Currency Risk

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

### Interest Rate Risk

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

### Credit Risk

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

### Liquidity Risk

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

## 1.17 Provisions

In accordance with IAS 37, provisions are recognised when:

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

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

Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using DoH's discount rate of 0.76% adjusted for inflation of 2% in years 1 and 2.

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

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

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

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

## 1.18 Contingencies

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

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

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



## 1.19 Employee Benefits

### Short-Term Employee Benefits

Under the requirements of IAS 19 (Employee Benefits), staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. For NIFRS 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 2019 or 31 March 2018. Untaken flexi leave is estimated to be immaterial and has 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 remeasurements due to changes in assumptions recognised in other expenditure.

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

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

NIFRS also participates in the 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 2018 and the revised bands and prior year bands are set out in the next table.

<b>FYE Pay 2018/19</b>	<b>Contribution Rate 2018/2019</b>	<b>FYE Pay 2019/20</b>	<b>Contribution Rate 2019/2020</b>
Up to £14,100	5.5%	Up to £14,800	5.5%
£14,101 to £21,500	5.8%	£14,801 to £22,600	5.8%
£21,501 to £35,900	6.5%	£22,601 to £37,700	6.5%
£35,901 to £43,400	6.8%	£37,701 to £45,700	6.8%
£43,401 to £85,800	8.5%	£45,701 to £90,400	8.5%
More than £85,800	10.5%	More than £90,400	10.5%

Employer contribution rates are determined by the Scheme's actuary every 3 years and are shown in the table below. Figures are not yet available for 2020/21.

<b>SCHEME</b>	<b>ERS RATE 2018/2019</b>	<b>ERS RATE 2019/2020</b>
NILGOSC	19.0%	20.0%

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. The annual contribution for 2018-19 will be £120,100 (2017-18 - £120,100).

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

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

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

## **1.20 Reserves**

### Statement of Comprehensive Net Expenditure Reserve

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

### Revaluation Reserve

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

## **1.21 Value Added Tax (VAT)**

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

## **1.22 Third party assets**

NIFRS does not hold assets belonging to third parties.

## **1.23 Losses and Special Payments**

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

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

## **1.24 Government Grants**

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

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

## **1.25 Taxation**

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

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

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

## **1.27 Accounting Estimates**

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

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

### **1.28 Accounting Standards that have been Issued but have not yet been Adopted**

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

Accounting boundary IFRS are currently adapted in the 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. With effect from 2020-21, the accounting boundary for Departments will change and there will also be an impact on Departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

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

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

### **1.30 IFRS 15 – Revenue from Contracts with Customers**

In the year of initial application, the introduction of IFRS 15 has not impacted on the timing of satisfying performance obligations of contracts on existence therefore the transaction price determined has not changed as a result of its introduction. The current impact of its introduction has resulted in reclassification of income based on consideration of whether there is a written, oral or implied contract in existence. Note 4 - Income provides initial application disclosure in line with DoF's application guidance on transition to IFRS 15.

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

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

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

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

## NOTE 3 - EXPENDITURE

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
*Staff costs:		
Wages and salaries	47,024	47,832
Social security costs	4,345	4,470
Other pension costs	10,516	10,602
Communications equipment	1,359	1,309
Office equipment & running costs	560	632
Medical expenses, subsistence & other	530	401
Transport	1,156	1,084
Operational equipment & maintenance costs	639	808
Premises	4,574	3,936
Uniforms	413	462
Contract catering, kitchen equipment & maintenance	11	26
Rentals under operating leases	477	475
Training	715	698
Fire safety publicity	112	105
Auditor remuneration	36	58
Miscellaneous expenditure	1,833	2,145
Interest on Scheme Liabilities	421	388
<b>Non cash items</b>		
Profit on disposal of assets	(97)	(157)
Depreciation	6,660	6,383
Amortisation	148	136
Impairments	(498)	(3,697)
Pension costs (NILGOSC)	1,127	963
Increase in provisions (provision provided for in year less any release)	(2,572)	9,085
Cost of borrowing	2,361	2,377
<b>Total</b>	<b>81,850</b>	<b>90,521</b>

\*Further detailed analysis of staff costs is included in the Staff Report on page 54 within the Accountability Report.

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

## NOTE 4 - INCOME

### 4.1 Income from Activities

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Provision of fire cover - other bodies	109	124
Fire reports/certificates	14	15
Training courses	-	12
Trade Union Deduction Service	20	20
Sundry income from fees and charges	-	14
Loss Prevention Council	185	193
Insurance Claims	14	12
Other income	121	45
<b>Total</b>	<b>463</b>	<b>435</b>

## NOTE 5 – PROPERTY, PLANT & EQUIPMENT

### 5.1 Property, Plant & Equipment – Year ended 31 March 2019

	Land £'000	Buildings (excluding dwellings) £'000	Assets under Construction £'000	Plant and Machinery (Equipment) £'000	Transport Equipment £'000	IT £'000	Furniture and Fittings £'000	Total £'000
<b>Cost or Valuation</b>								
At 1 April 2018	15,225	57,688	7,855	13,175	45,438	2,861	222	142,464
Opening balance adjustments	-	-	-	-	-	(167)	-	(167)
Indexation	672	639	-	159	711	23	3	2,207
Additions	-	2,675	5,253	308	3,572	505	18	12,331
Transfers	-	5,463	(6,772)	66	1,243	-	-	-
Disposals	-	-	-	(12)	(1,817)	-	(5)	(1,834)
At 31 March 2019	<b>15,897</b>	<b>66,465</b>	<b>6,336</b>	<b>13,696</b>	<b>49,147</b>	<b>3,222</b>	<b>238</b>	<b>155,001</b>
<b>Depreciation</b>								
At 1 April 2018	-	823	-	9,241	23,707	1,791	221	35,783
Indexation	-	22	-	118	386	17	3	546
Disposals	-	-	-	(12)	(1,763)	-	(5)	(1,780)
Provided during the year	-	1,905	-	903	3,568	280	3	6,659
At 31 March 2019	-	<b>2,750</b>	-	<b>10,250</b>	<b>25,898</b>	<b>2,088</b>	<b>222</b>	<b>41,208</b>
<b>Carrying Amount</b>								
At 31 March 2019	<b>15,897</b>	<b>63,715</b>	<b>6,336</b>	<b>3,446</b>	<b>23,249</b>	<b>1,134</b>	<b>16</b>	<b>113,793</b>
At 31 March 2018	<b>15,225</b>	<b>56,865</b>	<b>7,855</b>	<b>3,934</b>	<b>21,729</b>	<b>1,071</b>	<b>1</b>	<b>106,679</b>
<b>Asset financing</b>								
Owned	15,897	63,715	6,336	3,446	23,249	1,134	16	113,793
<b>Carrying Amount</b>								
At 31 March 2019	<b>15,897</b>	<b>63,715</b>	<b>6,336</b>	<b>3,446</b>	<b>23,249</b>	<b>1,134</b>	<b>16</b>	<b>113,793</b>

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 (2018: £NIL).

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

## 5.2 Property, Plant & Equipment – Year Ended 31 March 2018

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

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 (2018: £NIL).

## NOTE 6 – INTANGIBLE ASSETS

### 6.1 Intangible Assets - Year Ended 31 March 2019

	Software Licences £'000	Information Technology £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 2018	548	1,896	851	3,295
Opening balance adjustments	165	-	-	165
Additions	353	-	1,449	1,802
At 31 March 2019	<b>1,066</b>	<b>1,896</b>	<b>2,300</b>	<b>5,262</b>
<b>Amortisation</b>				
At 1 April 2018	483	1,787	-	2,270
Opening balance adjustments	(62)	61	-	(1)
Provided during the year	122	26	-	148
At 31 March 2019	<b>543</b>	<b>1,874</b>	<b>-</b>	<b>2,417</b>
<b>Carrying Amount</b>				
At 31 March 2019	<b>523</b>	<b>22</b>	<b>2,300</b>	<b>2,845</b>
At 31 March 2018	<b>65</b>	<b>110</b>	<b>851</b>	<b>1,026</b>
<b>Asset Financing</b>				
Owned	523	22	2,300	2,845
<b>Carrying Amount</b>				
At 31 March 2019	<b>523</b>	<b>22</b>	<b>2,300</b>	<b>2,845</b>

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



## 6.2 Intangible Assets – Year Ended 31 March 2018

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

## NOTE 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. Therefore, NIFRS is not exposed to the degree of financial risk faced by business entities. 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 2019 or 31 March 2018.

## NOTE 8 - IMPAIRMENTS

**2019**

	<b>Property, Plant &amp; Equipment £'000</b>	<b>Intangibles £'000</b>	<b>Total £'000</b>
Impairments charged / (credited) to Statement of Comprehensive Net Expenditure	(498)	-	<b>(498)</b>
Impairments which Revaluation Reserve covers (shown in Other Comprehensive Expenditure)	1,661	-	<b>1,661</b>
<b>Total value of impairments for the year</b>	<b>1,163</b>	<b>-</b>	<b>1,163</b>

**2018**

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

## NOTE 9 – ASSETS CLASSIFIED AS HELD FOR SALE

At the 2018/19 year end NIFRS had no 'held for sale' assets (2017/18: nil).

## NOTE 10 - INVENTORIES

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Uniforms	595	431
Firefighting Equipment	162	185
Stationery	34	32
Transport	142	152
Fuel	67	100
Other	5	4
<b>Total</b>	<b>1,005</b>	<b>904</b>

## NOTE 11 - CASH AND CASH EQUIVALENTS

	<b>2019</b>	<b>2018</b>
	<b>Operating</b>	<b>Operating</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	(395)	(639)
Net change in cash and cash equivalents	(74)	244
<b>Balance at 31 March</b>	<b>(469)</b>	<b>(395)</b>
<b>The following balances on 31 March were held at:</b>		
Commercial banks and cash in hand	(469)	(395)
<b>Balance at 31 March</b>	<b>(469)</b>	<b>(395)</b>

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

	<b>2019</b>	<b>2018</b>
	<b>Operating</b>	<b>Operating</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade Receivables	70	276
VAT Receivable	489	2,495
Other receivables - not relating to fixed assets	2	-
<b>Trade and Other Receivables</b>	<b>561</b>	<b>2,771</b>
Prepayments	419	342
Accrued income	218	-
<b>Other current assets</b>	<b>637</b>	<b>342</b>
Carbon reduction commitment	-	-
<b>Intangible current assets</b>	<b>-</b>	<b>-</b>
<b>Other current assets falling due after more than one year</b>	<b>-</b>	<b>-</b>
<b>Total Trade and Other Receivables</b>	<b>561</b>	<b>2,771</b>
<b>Total Other Current Assets</b>	<b>637</b>	<b>342</b>
<b>Total Receivables and Other Current Assets</b>	<b>1,198</b>	<b>3,113</b>

The balances are net of a provision for bad debts of £Nil (2017/18: £Nil).

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

### 13.1 Trade Payables, Financial and Other Liabilities

	<b>2019</b> <b>Operating</b> <b>£'000</b>	<b>2018</b> <b>Operating</b> <b>£'000</b>
<b>Amounts falling due within one year</b>		
Other taxation and social security	716	1,044
Trade capital payables - property, plant and equipment	6,287	4,970
Trade revenue payables	3,585	2,984
Payroll payables	4,322	3,881
Deferred income	6	6
<b>Trade and other payables</b>	<b>14,916</b>	<b>12,885</b>
<b>Other Current Liabilities</b>	-	-
<b>Intangible current liabilities</b>	-	-
<b>Total Payables falling due within 1 year</b>	<b>14,916</b>	<b>12,885</b>
<b>Amounts falling due after more than 1 year</b>	-	-
<b>Total Non Current Other Payables</b>	-	-
<b>Total Trade Payables and Other Current Liabilities</b>	<b>14,916</b>	<b>12,885</b>

### 13.2 Loans

NIFRS did not have any loans payable at 31 March 2019 or 31 March 2018.

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

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

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

	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>
		<b>£'000</b>		<b>£'000</b>
Total bills paid	9,561	29,791	10,190	27,250
Total bills paid within 30 day target or under agreed payment terms	6,987	25,440	8,937	24,126
% of bills paid within 30 day target or under agreed payment terms	73.1%	85.4%	87.7%	88.5%
Total bills paid within 30 days of receipt of a previously disputed invoice	7,011	25,628	9,016	25,790
% of bills paid within 30 days of receipt of a previously disputed invoice	73.3%	86.0%	88.5%	94.6%
Total bills paid within 10 day target	4,243	20,408	6,819	18,721
% of bills paid within 10 day target	44.4%	68.5%	66.9%	68.7%

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

The amount included within interest payable arising from claims made by businesses under this legislation is £312.91 (2017/18: £Nil).

## NOTE 15 – PROVISIONS FOR LIABILITIES AND CHARGES - 2019

	Insurance £'000	Firefighters' Compensation Scheme £'000	2019 Total £'000
Balance at 1 April 2018	1,711	91,924	93,635
Provided in year	564	-	564
Provided in year - current service cost	-	610	610
Provided in year - *past service cost	-	90	90
(Provisions not required written back)/ changes in underlying assumptions	(196)	(3,640)	(3,836)
Provision utilised in the year	(338)	(3,084)	(3,422)
Cost of borrowing	51	2,310	2,361
<b>At 31 March 2019</b>	<b>1,792</b>	<b>88,210</b>	<b>90,002</b>

### Analysis of expected timing of cashflows

	Insurance £'000	Firefighters' Compensation Scheme £'000	2019 £'000
Not later than one year	1,792	3,230	5,022
Later than one year and not later than 5 years	-	12,440	12,440
Later than 5 years	-	72,540	72,540
<b>At 31 March 2019</b>	<b>1,792</b>	<b>88,210</b>	<b>90,002</b>

\*Past service costs are increases in the present value of the Scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits. Where improvements to pension benefits result in the backdating of commutation awards, these costs are measured and reflected immediately in the Combined Statement of Comprehensive Net Expenditure.

### Insurance Provision

NIFRS operates a policy of limited self-insurance and has detailed above a provision of £1,792k (2018: £1,711k) in respect of Public Liability, Employer Liability, Vehicle Liability and Breach of Employment Law claims which were unsettled at 31 March 2019. The provision is calculated based on estimates provided by NIFRS.

An Insurance Officer liaises with relevant third parties, with the exception of employment claims where Belfast City Council provides the information directly to the Finance Department. The provision is calculated using DoF's discount rate of 0.76% adjusted for inflation of 2%.

## 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 2019 leading to the provision of £88,210k (2018: £91,924k) as shown above.

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	%	%	%
Discount rate	2.90	2.55	2.80
Price inflation (CPI)	2.60	2.45	2.55
Rate of increase in pensionable salaries	4.10	3.95	4.55
Rate of increase in pensions	2.60	2.45	2.55



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

	Insurance £'000	Firefighters' Compensation Scheme £'000	2018 £'000
Balance at 1 April 2017	1,335	84,730	85,705
Provided in year	1,021	-	1,021
Provided in year - current service cost	-	330	330
Provided in year - past service cost	-	130	130
(Provisions not required written back)/ changes in underlying assumptions	(136)	7,740	7,604
Provision utilised in the year	(556)	(2,976)	(3,532)
Cost of borrowing	47	2,330	2,377
<b>At 31 March 2018</b>	<b>1,711</b>	<b>91,924</b>	<b>93,635</b>

### Analysis of expected timing of cashflows

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

## NOTE 16 – PENSION AND SIMILAR OBLIGATIONS

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

### Financial Assumptions

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	%	%	%
Discount rate	2.4	2.6	2.6
Price inflation (CPI)	2.2	2.1	2.0
Rate of increase in pensionable salaries	3.7	3.6	3.5
Pension accounts revaluation rate	2.2	2.1	2.0
Pension increases	2.2	2.1	2.0

The future life expectancies at age 65 are summarised below:

	<b>2019</b>		<b>2018</b>	
	<b>Males</b>	<b>Females</b>	<b>Males</b>	<b>Females</b>
65 year old current pensioner	22.6 years	24.9 years	23.3 years	25.9 years
45 year old future pensioner at age 65	24.3 years	26.7 years	25.5 years	28.2 years

	<b>Expected rate of return 31 March 2019</b>	<b>Assets at 31 March 2019</b>	<b>Expected rate of return 31 March 2018</b>	<b>Assets at 31 March 2018</b>
	<b>% per annum</b>	<b>£'000</b>	<b>% per annum</b>	<b>£'000</b>
Equities	59.5	45,853	71.3	50,897
Bonds	23.5	18,110	12.4	8,852
Cash/Other	0.028	2,158	4.6	3,284
Unquoted	14.2	10,943	11.7	8,352
Fair value of scheme assets		<u>77,064</u>		<u>71,385</u>
Present value of funded obligations		(93,631)		(88,309)
<b>Net liability</b>		<u><b>(16,567)</b></u>		<u><b>(16,924)</b></u>

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

## Amount Charged to Operating Expenditure

	<b>2019</b>	<b>2018</b>
	£'000	£'000
Current Service Cost	2,208	2,064
Past Service Cost	119	18
Employers contributions	(1,459)	(1,245)
Movement*	259	126
	<u>(1,200)</u>	<u>(1,119)</u>
<b>Total Operating Charge</b>	<b><u>1,127</u></b>	<b><u>963</u></b>

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

## Amount Charged to Interest

	<b>2019</b>	<b>2018</b>
	£'000	£'000
Interest income on assets	(1,863)	(1,762)
Interest expense on defined benefit obligation	2,284	2,150
<b>Net Interest Charge</b>	<b><u>421</u></b>	<b><u>388</u></b>

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

	<b>2019</b>	<b>2018</b>
	£'000	£'000
Return on plan assets in excess of that recognised in net interest	<u>(3,310)</u>	<u>(1,714)</u>
Actuarial losses/(gains) due to liability experience	90	282
Actuarial losses due to changes in financial assumptions	5,327	1,576
Actuarial (gain) due to changes in demographic assumptions	(3,753)	-
Movement*	(259)	(126)
	<u>1,405</u>	<u>(1,732)</u>
	<b><u>(1,905)</u></b>	<b><u>18</u></b>

## Change in Pension Assets

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of assets	71,385	67,601
Interest income on assets	1,863	1,762
Contributions by participants	421	396
Contributions by employer	1,459	1,245
Remeasurement gains/(losses) on assets	3,310	1,714
Net benefits paid out	(1,374)	(1,333)
	<hr/>	<hr/>
<b>Closing Fair Value of Assets</b>	<b>77,064</b>	<b>71,385</b>
	<hr/> <hr/>	<hr/> <hr/>

## Change in Benefit Obligations

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Opening Defined Benefit Obligation	88,309	83,156
Current service cost	2,208	2,064
Past service cost	119	18
Interest expense on defined benefit obligation	2,284	2,150
Contributions by participants	421	396
<i>Remeasurements:</i>		
Actuarial loss due to liability experience	90	282
Actuarial loss due to changes in financial assumptions	5,327	1,576
Actuarial (gain) due to changes in demographic assumptions	(3,753)	-
	<hr/>	<hr/>
Net benefits paid out	(1,374)	(1,333)
	<hr/>	<hr/>
<b>Closing Defined Benefit Obligation</b>	<b>93,631</b>	<b>88,309</b>
	<hr/> <hr/>	<hr/> <hr/>

## Amounts for the Current and Previous Accounting Periods

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Fair value of assets	77,064	71,385	67,601	57,702	55,486
Present value of defined benefit obligation	(93,631)	(88,309)	(83,156)	(66,215)	(67,661)
<b>Net Deficit</b>	<b>(16,567)</b>	<b>(16,924)</b>	<b>(15,555)</b>	<b>(8,513)</b>	<b>(12,175)</b>
Experience (losses)/gains on assets	3,310	1,714	7,373	(200)	4,296
Experience (losses)/gains on liabilities	(90)	(282)	1,902	417	244
	<b>3,220</b>	<b>1,432</b>	<b>9,275</b>	<b>217</b>	<b>4,540</b>
Remeasurement (losses)/gains on assets	3,310	1,714	7,373	(200)	4,296
Remeasurement (losses)/gains on obligation	(1,664)	(1,858)	(13,799)	4,597	(6,454)
<b>Remeasurement (losses)/gains recognised in other comprehensive expenditure (before adjustment for movement)</b>	<b>1,646</b>	<b>(144)</b>	<b>(6,426)</b>	<b>4,397</b>	<b>(2,158)</b>

The projected pension expenses for the year to 31 March 2020 to be charged to the Statement of Comprehensive Net Expenditure in 2020, is shown in the table below.

	<b>31 March 2020</b> <b>£'000</b>
Current service cost	2,342
Net interest on net defined benefit liability	380
<b>Projected Pension Expense</b>	<b>2,722</b>

## Sensitivity Analysis

The calculation of the pension liability is sensitive to the assumptions set out above. The following table summarises the impact on the pension liability at 31 March 2019 of changes in key assumptions:

	Approximate % increase/(decrease) in liability	Approximate monetary increase/ (decrease) in liability (£'000)
0.1% decrease in Discount Rate	2.0	1,948
1 year increase in Member Life Expectancy	(3.2)	(3,046)
0.1% decrease in the Salary Increase Rate	(0.6)	(554)
0.1% decrease in the Pension Increase Rate	(1.4)	(1,361)

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

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

## NOTE 17 - CAPITAL COMMITMENTS

Contracted capital commitments at 31 March 2019 not otherwise included in these Annual Accounts are as follows:

	2019 £'000	2018 £'000
Property, plant and equipment	6,739	5,055
<b>Total</b>	<b>6,739</b>	<b>5,055</b>

## NOTE 18 - COMMITMENTS UNDER LEASES

### 18.1 Finance Leases

This note is not applicable to NIFRS.

### 18.2 Operating Leases

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Land</b>		
Not later than 1 year	382	382
Later than 1 year and not later than 5 years	1,527	1,527
Later than 5 years	18,612	18,994
	<b><u>20,521</u></b>	<b><u>20,903</u></b>
<b>Buildings</b>		
Not later than 1 year	23	91
Later than 1 year and not later than 5 years	54	117
Later than 5 years	-	-
	<b><u>77</u></b>	<b><u>208</u></b>
<b>Other</b>		
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<b><u>-</u></b>	<b><u>-</u></b>

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Sublease payments	34	28
	<b><u>34</u></b>	<b><u>28</u></b>
Lease payments recognised as an expense in the period	1,217	1,038
	<b><u>1,217</u></b>	<b><u>1,038</u></b>

All NIFRS leases are Lessee/Lessor leases. One is in respect of land and 6 others are in respect of buildings.

### 18.3 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:	2019 £'000	2018 £'000
<b>Land &amp; Buildings</b>		
Not later than 1 year	15	9
Later than 1 year and not later than 5 years	30	29
Later than 5 years	-	11
	<b>45</b>	<b>49</b>
<b>Other</b>		
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>-</b>	<b>-</b>

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

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

NIFRS has no PFI or other service concession arrangements in place.

### NOTE 20 - OTHER FINANCIAL COMMITMENTS

NIFRS has entered into non-cancellable contracts (which are not leases or PFI contracts). The payments to which NIFRS is committed during 2018/19 analysed by the period during which the commitment expires are as follows:

	2019 £'000	2018 £'000
Expires within 1 year	153	88
Expiry after 1 year but not more than 5 years	-	-
Expiry thereafter	-	-
	<b>153</b>	<b>88</b>

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

NIFRS did not have any financial instruments at 31 March 2019 or 31 March 2018.



## NOTE 22 - CONTINGENT LIABILITIES

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

	2019	2018
	£'000	£'000
<b>Limited Self Insurance:</b>		
Public Liability	-	-
Employer Liability	213	263
Vehicle Liability	17	72
Employment Liability	-	-
	<u>230</u>	<u>335</u>

### Self-Insurance

NIFRS operates a policy of limited self-insurance and has detailed at Note 15 a provision of £1,792k in respect of Public Liability, Employer Liability, Vehicle Liability and Breach of Employment Law claims which were unsettled at 31 March 2019. While this is the anticipated sum to meet the liability there is potential for a further liability of £230k. NIFRS policy is to vigorously defend all cases.

The discount rate which courts in England and Wales must take into account when awarding compensation for future financial losses in a lump sum in personal injury cases changed to - 0.75% in March 2017. The Government subsequently legislated to change how the rate in England and Wales is set and the first review of the rate in that jurisdiction under the new legal framework introduced by the Civil Liability Act 2018 is being carried out. The Department of Justice (DoJ) has power to prescribe the discount rate for Northern Ireland (in consultation with GAD and DoF). Secondary legislation to change the discount rate for Northern Ireland under the current legal framework has not been taken forward in the absence of a Minister, although DoJ is keeping the rate under review in the context of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 and having regard to ongoing legislative developments in the rest of the UK. In these circumstances, it has not been possible at this time to quantify the potential impact on NIFRS of any change in the discount rate. Changing the legal framework for setting the rate in Northern Ireland would require primary legislation.

### The McCloud Judgement

In December 2018 the Court of Appeal ruled against the Government in the 'McCloud/Sargeant' judgement which found that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The ruling potentially has implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated.

The transitional protections applied to all active members of public service schemes who were within 10 years of their Normal Pension Age on 1 April 2012. In relation to the LGPS (NI), all members were moved into the new 2015 Scheme, but members within 10 years of normal retirement were given an underpin (or 'better of both') promise, so their benefits would be at least as valuable in terms of amount and when they could be drawn than if they had remained in the 2009 Scheme.

The Government applied to the Supreme Court for permission to appeal this judgement but the appeal has been unsuccessful and the case will be referred back to the Employment Tribunal to agree what the remedy will be following appropriate consultation. For the purpose of reporting a

contingent liability it would be prudent to assume the remedy would be equivalent to extending the 'best of both' underpin to all members.

The Government Actuary's Department (GAD), under instruction of the LGPS Scheme Advisory Board (England and Wales), has calculated a potential IAS 19/FRS102 accounting liability expected to be 0.5% to 1.0% of defined benefit obligation, should the government be unsuccessful in its application to appeal or if the Court of Appeal's judgement is upheld by the Supreme Court and the agreed remedy for the LGPS is to extend the 'underpin' protections to all members. This estimate is at Scheme level encompassing a range of different assumptions typically used by employers to report pension costs. The eventual impact on NIFRS' accounts will depend on the remedy chosen by government to compensate members (which may not be the scenario modelled by the GAD); the membership profile (age/sex/salary) of NIFRS' membership, and the assumptions used to report pension costs at time of recognition.

The estimated liability makes a number of simplifications including: assuming that all post-2012 joiners would be compensated; assuming members would receive 'better of both' the pre-2015 Scheme benefits and post-2015 Scheme benefits by the time they reach their pre-2015 normal pension age; assuming the underpin applies only to members on retirement, and not in the case of members voluntarily leaving the scheme before retirement, and assuming no compensation would be granted to employees who paid higher contribution rates whilst in the 2015 Scheme.

It is unknown what impact this will have on future employer contributions to the Fund. The Fund is a funded arrangement with employers paying contributions based on the results of regular local valuations, with the next valuation due as at 31 March 2019. Where an additional liability arises in the Fund in relation to past service this will result in increased employer contribution rates in the future. Employer contributions towards future service may also increase if the 'better of both' test is extended beyond members within 10 years of normal pension age at 1 April 2012.

However, legislation requires government to monitor and control the underlying costs of the Scheme (via the Cost Management process agreed as part of the reform of public service pension schemes). If the cost of the LGPS (NI), as monitored by HM Treasury under separate legislation, moves out of line with the envelope cost set when the Scheme was reformed, this could trigger amendments to member benefits, or contributions, to bring the cost to the Employer/taxpayer back into line. HM Treasury identified that changes to member benefits and contributions would be needed to increase the cost of the LGPS (NI) by 3.2% of pay as required under the cost management process. However, the Cost Management process across all of the public service schemes is currently on hold pending the outcome of the government's appeal to the McCloud judgement, so the net effect of both the McCloud judgement and the Cost Management processes is currently unknown. Further information is published by the LGPS Scheme Advisory Board on their website (<http://www.lgpsboard.org/index.php/structure-reform/cost-management>).

### **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 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 increases on GMPs for individuals reaching State Pension Age (SPA) from 5 April 2016 through 6 December 2018. This cost was accounted for in 2017.

In January 2018 Government extended the interim solution to individuals reaching SPA before 5 April 2021, passing further cost to the LGPS (NI). This has not yet been accounted for. 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's 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, with the next valuation due as at 31 March 2019. The 2019 valuation of the Fund is expected to include the liability of the second interim solution to April 2021. It is currently not known if the 2019 valuation will allow for indexation beyond 2021, as this will depend on the timing of any Scheme changes announced by HM Treasury and the Committee's policy on reflecting this risk within contribution rates. Where an additional liability arises in the Fund in relation to past service this will result in increased employer contribution rates in the future.

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

On 17 June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for NIFRS and the wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work to review the implications for each of the major staffing groups across the public sector.

While NIFRS has accrued in the accounts for the 2018-19 holiday pay liability, until there is further clarity, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage for any further liability.

## NOTE 23 - 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.

## NOTE 24 - THIRD PARTY ASSETS

NIFRS does not hold any third party assets.

## NOTE 25 - FINANCIAL PERFORMANCE TARGETS

### 25.1 Revenue Resource Limit

NIFRS is given a Revenue Resource Limit which it is not permitted to overspend.

The Revenue Resource Limit (RRL) for NIFRS is calculated as follows:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
DoH (excludes non cash)	73,693	74,448
Non cash RRL (from the DoH)	7,700	15,655
	<hr/>	<hr/>
<b>Total Revenue Resource Limit to Statement of Comprehensive Net Expenditure</b>	<b>81,393</b>	<b>90,103</b>
	<hr/>	<hr/>

### 25.2 Capital Resource Limit

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

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Gross Capital Expenditure	14,132	11,415
Receipts from sale of fixed assets up to NBV	(54)	(20)
Net capital expenditure	<hr/> 14,078	<hr/> 11,395
Capital Resource Limit	<hr/> (14,085)	<hr/> (11,752)
<b>Overspend/ (Underspend) against CRL</b>	<hr/> <b>(7)</b>	<hr/> <b>(357)</b>

### 25.3 Financial Performance Targets

NIFRS is required to ensure that it breaks even on an annual basis by containing its net expenditure to within 0.25% of RRL limits.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Net Expenditure	(81,390)	(90,084)
RRL	81,393	90,103
Surplus against RRL	3	19
Break Even Cumulative position (opening)	264	245
Break Even Cumulative position (closing)	<b>267</b>	<b>264</b>

#### Materiality Test:

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Break Even in year position as % of RRL	<b>0.00</b>	<b>0.02</b>
Break Even cumulative position as % of RRL	<b>0.33</b>	<b>0.29</b>

#### NOTE 26 – CORPORATION TAX

	<b>2019</b>	<b>2018</b>
Corporation Tax	3	(2)
	<b>3</b>	<b>(2)</b>

#### NOTE 27 – EVENTS AFTER THE REPORTING PERIOD

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

#### NOTE 28 – DATE AUTHORISED FOR ISSUE

The Accounting Officer authorised these Annual Accounts for issue on 4 July 2019.

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

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

### **Opinion on financial statements**

I certify that I have audited the financial statements of the Northern Ireland Fire and Rescue Service for the year ended 31 March 2019 under the Fire and Rescue Services (Northern Ireland) Order 2006. The financial statements comprise Combined Statements of: Net Expenditure, Financial Position, Statement of Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- give a true and fair view of the state of Northern Ireland Fire and Rescue Service's affairs as at 31 March 2019 and of the 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 of opinions**

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

### **Other Information**

The Accounting Officer is responsible for the other information included in the annual report. Other information comprises the Report of the Managers and the Report of the Actuary. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

### **Opinion on other matters**

In my opinion:

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

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

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

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

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

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

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

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

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

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

### **Report**

I have no observations to make on these financial statements.

*KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU  
4 July 2019*

# **NORTHERN IRELAND FIRE & RESCUE SERVICE PENSION ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

## **REPORT OF THE MANAGERS**

### **INTRODUCTION**

#### **Firefighters' Pension Schemes**

As at 31 March 2019 NIFRS operated 3 Firefighters' Pension Schemes, namely:

- The Firefighters' Pension Scheme (NI) 2007;
- The New Firefighters' Pension Scheme (NI) 2007 (The New Firefighters' Pension Scheme (Amendment) 2015 - Modified Scheme);
- The Firefighters' Pension Scheme (NI) 2015.

These Schemes are governed by the provisions of The Firefighters' Pension Scheme Order (Northern Ireland) 2007; The New Firefighters' Pension Scheme Order (Northern Ireland) 2007; and The Firefighters' Pension Scheme Regulations (Northern Ireland) 2015 respectively, including amendments.

The Schemes are all final salary Schemes with the exception of The Firefighters' Pension Scheme (Northern Ireland) 2015 which is a career average scheme. The Schemes are wholly unfunded. The IAS 19 pension liability in respect of the Firefighters' Pension Schemes is calculated annually by the Government Actuary's Department (GAD) using the projected unit credit method and applying a discount rate selected with reference to the current rate of return on high quality corporate bonds of equivalent currency and term to the scheme liabilities.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding 4 years. The IAS 19 valuation for Accounts purposes at 31 March 2019 is based on membership data at 31 March 2016, rolled forward with reference to cashflow and financial assumptions at 31 March 2019 as prescribed by HM Treasury.

The charge to the Statement of Comprehensive Net Expenditure consists of the Current Service Cost, the Past Service Cost and Interest on the defined benefit liability.

Remeasurements are recognised in Other Comprehensive Expenditure.

The liabilities under the Schemes have been valued using the standard actuarial technique known as the Projected Unit Credit Method for all groups of staff.

The rationale of preparing separate Pension Accounts is to avoid the detail required by IAS 19 (Employment Benefits) and IAS 26 (Retirement Benefits) from overshadowing and drawing attention away from the records of NIFRS 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 2018-19 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 DoH. As such, NIFRS complies with the corporate governance and accountability framework arrangements (including Managing Public Money Northern Ireland) issued by DoF.

The Managers, Advisors and Employers for all Schemes were as follows:

### Managers:

#### Pension Scheme Manager

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

#### Pension Scheme Administrator

Department of Health  
Castle Buildings  
Stormont Estate  
Belfast  
BT4 3SG

### 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

Finlaison House  
15-17 Furnival Street  
London  
EC4A 1AB

### Auditor:

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

### Bankers

Bank of Ireland  
1 Donegall Square South  
Belfast  
BT1 5LR

### Employers:

#### Principal Employer

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

## Changes to the Schemes

Following the completion of the 2012 Scheme valuation new employee and employer rates were introduced from 1 April 2015.

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 12.5% and members in The New Firefighters' Pension Scheme (Amendment) 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 this date. Firefighters will however retain the service that they have accrued in the final salary scheme and depending on their age and service will have:

- Full protection - experiencing no change to their pension entitlement;
- Tapered protection - moving into the new CARE scheme at their own personal date, based on their age and service;
- No protection - moved into the CARE scheme on 1 April 2015

## Membership Statistics

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

### Active Members

At 1 April 2018	1,737
Movements in year	(111)
At 31 March 2019	<b>1,626</b>

### Deferred Members

At 1 April 2018	219
Movements in year	34
At 31 March 2019	<b>253</b>

### Pensions in Payment

At 1 April 2018	1,216
Movements in year	82
At 31 March 2019	<b>1,298</b>

## Additional Voluntary Contributions and Stakeholder Pensions

There are no Additional Voluntary Contributions (AVC) or Stakeholder Pensions Schemes available under NIFRS Pension Schemes.

## Financial Position and Going Concern

The Statement of Financial Position (which includes liabilities belonging to the 3 NIFRS Pension Schemes namely: The Firefighters' Pension Scheme (Northern Ireland) 2007, The New Firefighters' Pension Scheme (Northern Ireland) 2007 and The New Firefighters' Pension Scheme (Amendment) 2015 (CARE) at 31 March 2019 shows net liabilities of £873,640k (31 March 2018: £853,090k). This reflects the inclusion of liabilities due in future years, to the extent that they are

not to be met from NIFRS' other sources of income, may only be met by future grant or grant-in-aid from NIFRS' sponsoring Department (DoH). This is because 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, NIFRS operates with a net liability position, largely generated by the manner in which we are funded and pension liabilities. As a non-departmental public body, NIFRS is mainly funded through DoH. As it is anticipated that DoH funding will continue for the foreseeable future this ensures that the preparation of our Accounts as a going concern is the correct basis.

The Business Services Organisation (BSO) has been contracted to provide Pension Services to NIFRS. A Service Level Agreement was signed in July 2017 and covers the period 1 July 2017 to 30 June 2019. Under the agreement BSO will provide operational services only, while NIFRS will retain responsibility for Scheme Legislation and Policy. NIFRS will also retain responsibility for the production and maintenance of the Scheme Annual Accounts, however, BSO will provide input data required for the actuarial valuation.

### **Events after the Reporting Period**

There were no events after the Reporting Period.

### **Audit Services**

The Financial Statements for 2018-19 are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) who heads the Northern Ireland Audit Office and is appointed by statute and reports to the Northern Ireland Assembly. His Certificate is on page 115.

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 £13,750, (2017-18: £13,750). These costs are borne by NIFRS Main Accounts and are excluded from these Statements.

The C&AG may also undertake other statutory activities that are not related to the audit of the body's Financial Statements such as Value for Money reports. No such activity relating to the NIFRS Pension Accounts took place during the year.

### **Further Information**

A full certified copy of the NIFRS Annual Report and Pension Accounts will be available on the NIFRS website [www.nifrs.org](http://www.nifrs.org).

Any enquiries regarding either the Firefighters' Pension Scheme (NI) 2007, the New Firefighters' Pension Scheme (NI) 2007 or the New Firefighters' Pension Scheme (Amendment) 2015 (CARE) should be addressed to the Pensions Manager, NIFRS.

## REPORT OF THE ACTUARY

### A. Liabilities

The capitalised value as at 31 March 2019 of expected future benefit payments under the NIFRS Pension Schemes, for benefits accrued in respect of employment (or former employment) prior to 31 March 2019, has been assessed using the methodology and assumptions set out in Sections C and D below. The results are broken down, between the various categories of members, as follows:

	<b>Firefighters' Pension Scheme 2007 £'000</b>	<b>New Firefighters' Pension Scheme 2007 £'000</b>	<b>Firefighters' Pension Scheme CARE 2015 £'000</b>
Actives (past service)	356,270	45,680	48,960
Deferred Pensioners	5,610	2,660	10
Current Pensioners (excluding injury)	352,300	1,420	-
Retained Settlement	-	60,730	1
	<b>714,180</b>	<b>110,490</b>	<b>48,970</b>

### B. Accruing Costs

The cost of benefits accruing for each year is met partly by contributions from members, with the employer meeting the balance of the cost. The cost of benefits accruing in the year ended 31 March 2019 is based on a standard contribution rate as determined at the start of the year.

	<b>Firefighters' Pension Scheme 2007</b>	<b>New Firefighters' Pension Scheme 2007</b>	<b>% of pensionable pay Firefighters' Pension Scheme CARE 2015</b>
Current Service Cost	81.20%	53.40%	59.60%

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 2018-19 was £36.0m (2017-18: £35.1m (derived from contributions payable by employers over the year). In relation to the pensionable payroll for the financial year, the Current Service Costs are as follows:

	<b>Firefighters' Pension Scheme 2007 £m</b>	<b>New Firefighters' Pension Scheme 2007 £m</b>	<b>Firefighters' Pension Scheme CARE 2015 £m</b>
Current Service Cost	7.46	1.99	14.38
Past Service Cost	30.28	4.69	-

The past service cost is in respect of the McCloud Sargeant judgement. If compensation is payable to employees who were transferred to the reformed 2015 Schemes, it is expected to lead to an increase in pension scheme liabilities. GAD has estimated the potential increase in scheme liabilities as a result of this judgement to be approximately £35m.

## 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 2018-19 Pension Accounts.

The cost of benefits accruing in the period 1 April 2018 to 31 March 2019 was determined using the Projected Unit Credit Method with a one year control period and based on the principal financial assumptions applying to the previous year Pension Disclosures. This rate represents the present value of benefits accruing to active members over the year, with allowance for any pay increases to the assumed date of retirement or exit, expressed as a level percentage of the expected pensionable payroll over the control period.

## D. Assumptions

The assessments have been prepared in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury. The main financial assumptions are set in accordance with FReM. The assumptions proposed by GAD and agreed with NIFRS in nominal terms are:

Rate of discounting scheme liabilities	2.90%
A rate of CPI	2.60%
A rate of increase in pensions	2.60%
A rate of CARE revaluation	4.10%
Long term rate of increase in salaries	4.10%
Short term rate of increase in salaries	4.10%

## E. Sensitivity Analysis

The indicative effects on the total liability as at 31 March 2019 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)	(62.0)
Long term rate of increase in salaries 0.5% a year	1.0	7.0
Rate of increase in pensions / deferred revaluation 0.5% a year	7.5	52.0
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	2.5	18.0

## The New Firefighters' Pension Scheme (Northern Ireland) 2007

Change in assumption*	Impact on DBO	
	%	£ Million
Rate of discounting scheme liabilities 0.5% a year	(17.0)	(15.0)
Long term rate of increase in salaries 0.5% a year	8.0	6.0
Rate of increase in pensions / deferred revaluation 0.5% a year	8.5	9.0
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	2.5	3.0

## The Firefighters' Pension Scheme 2015

Change in assumption*	Impact on DBO	
	%	£ Million
Rate of discounting scheme liabilities 0.5% a year	(16.5)	(8.0)
Long term rate of increase in salaries 0.5% a year	7.5	4.0
Rate of increase in pensions / deferred revaluation 0.5% a year	9.5	5.0
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	2.5	1.0

\* Opposite changes in the assumptions will produce approximately equal and opposite changes in the Defined Benefit Obligation (DBO). Doubling the changes in assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between assumptions the impacts may offset to some extent.

## F. Notes

The Report of the Actuary has been compiled by GAD on 24 May 2019. The report, together with other relevant correspondence, in aggregate, complies 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)

**COMBINED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2019**

	Note	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
<b>Income</b>			
Contributions receivable	3	14,943	15,143
Transfers in	4	868	94
<b>Combined income</b>		<u>15,811</u>	<u>15,237</u>
<b>Expenditure</b>			
Pension Cost – Current Service Costs/Past Service Costs	6	(58,800)	(23,200)
Transfers in	8	(868)	(94)
Interest on Scheme Liabilities	9	(21,790)	(22,580)
<b>Gross expenditure</b>		<u>(81,458)</u>	<u>(45,874)</u>
<b>Combined Net Expenditure</b>		<u>(65,647)</u>	<u>(30,637)</u>
<b>Other Comprehensive Net Income (Expenditure)</b>			
Recognised gains and losses for the financial year:		<b>£'000</b>	<b>£'000</b>
Actuarial gain/(loss)	15.7	39,238	(22,318)
<b>Total Comprehensive Expenditure for the year ended 31 March 2019</b>		<u>(26,409)</u>	<u>(52,955)</u>

The Notes on pages 127-143 form part of these Accounts.

## COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019 £'000	2018 £'000
<b>Current Assets</b>			
Receivables	11	3,826	3,042
Cash and cash equivalents	12	156	19
<b>Total Current Assets</b>		<u>3,982</u>	<u>3,061</u>
<b>Current Liabilities</b>			
Provisions (Revised Commutation Factors)	14	(8)	(8)
<b>Total Current Liabilities</b>		<u>(8)</u>	<u>(8)</u>
<b>Net Current Assets, excluding Pension Liability</b>			
		<u>3,974</u>	<u>3,053</u>
<b>Pension Liability:</b>			
Firefighters' Pension Scheme 2007	15.2	(714,180)	(706,990)
New Firefighters' Pension Scheme 2007	15.3	(110,490)	(109,410)
Firefighters' Pension Scheme 2015 (CARE)	15.4	(48,970)	(36,690)
<b>Total Pension Liabilities</b>		<u>(873,640)</u>	<u>(853,090)</u>
<b>Net Liabilities, including Pension Liabilities</b>			
		<u>(869,666)</u>	<u>(850,037)</u>
<b>Taxpayers' Equity:</b>			
General Fund		(869,666)	(850,037)
		<u>(869,666)</u>	<u>(850,037)</u>

The Accounts on pages 127-143 were approved by the Board on 2 July 2019 and were signed on its behalf by:

Signed: Chairperson Date: 2 July 2019

Signed: Chief Fire & Rescue Officer (Interim) Date: 2 July 2019



## COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
<b>Cash Flows from Operating Activities</b>			
Combined Net Expenditure for the year less movement and payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(65,647)	(30,637)
(Increase) in receivables	11	(784)	(663)
<b>Increase in pension provision – Firefighters' Pension Scheme</b>			
Firefighters' Pension Scheme 2007	15.2	7,190	11,250
New Firefighters' Pension Scheme 2007	15.3	1,080	24,560
Firefighters' Pension Scheme 2015 (CARE)	15.4	12,280	13,170
<b>Pension remeasurements</b>			
Firefighters' Pension Scheme 2007	15.2	28,477	(1,563)
New Firefighters' Pension Scheme 2007	15.3	7,548	(21,116)
Firefighters' Pension Scheme 2015 (CARE)	15.4	3,213	361
<b>Net Cash Outflow from Operating Activities</b>		<u><b>(6,643)</b></u>	<u><b>(4,638)</b></u>
<b>Cash flows from Financing Activities</b>			
Grant in aid		6,780	4,648
<b>Net Financing</b>		<u><b>6,780</b></u>	<u><b>4,648</b></u>
<b>Net (decrease)/increase in Cash &amp; Cash Equivalents in the year</b>	12	<u><b>137</b></u>	<u><b>10</b></u>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	12	<u><b>19</b></u>	<u><b>9</b></u>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	12	<u><u><b>156</b></u></u>	<u><u><b>19</b></u></u>

The Notes on pages 127-143 form part of these Accounts.

**COMBINED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED  
31 MARCH 2019**

	<b>2018</b> <b>£'000</b>
<b>Balance at 31 March 2017</b>	<b>(801,730)</b>
Grant from Parent Department	4,648
Comprehensive Net Expenditure for the year	(30,637)
Actuarial gain / (loss)	(22,318)
<b>Net change in Taxpayers' Equity</b>	<b><u>(48,307)</u></b>
<b>Balance at 31 March 2018</b>	<b><u>(850,037)</u></b>
	<b>2019</b> <b>£'000</b>
<b>Balance at 31 March 2018</b>	<b>(850,037)</b>
Grant from Parent Department	6,780
Comprehensive Net Expenditure for the year	(65,647)
Actuarial gain / (loss)	39,238
<b>Net change in Taxpayers' Equity</b>	<b><u>(19,629)</u></b>
<b>Balance at 31 March 2019</b>	<b><u>(869,666)</u></b>

The Notes on pages 127-143 form part of these Accounts.

## **RELATED NOTES**

### **1 Basis of preparation of the Pension Accounts**

NIFRS Firefighters' Pension Accounts have been prepared in a form determined by the 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 Retirement Benefits are of particular relevance to these statements. These Accounts show the unfunded pension liabilities and movements in those liabilities during the year. The accounts also have regard to the recommendations of the Statement of Recommended Practice (SORP) Financial Reports of Pension Schemes to the extent that these are appropriate together with Accounts Direction from DoH.

The Financial Statements summarise the transactions of The Firefighters' Pension Scheme 2007; The New Firefighters' Pension Scheme 2007 and The CARE Scheme 2015. The Statement of Financial Position shows the deficits on each Scheme; the Statement of Comprehensive Net Expenditure shows the total movements from each Scheme liability analysed between the pension cost, enhancements and transfers in, and the interest on the Scheme liability. The actuarial position of each Pension Scheme is dealt with in the Report of the Actuary, and the Pension Accounts should be read in conjunction with that report.

### **2 Statement of Accounting Policies**

The Accounting policies contained in FReM follow International Financial Reporting Standards to the extent that it is meaningful and appropriate to the public sector context.

Where FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Scheme for the purpose of giving a true and fair view has been selected. The accounting policies adopted have been applied consistently in dealing with the items considered material in relation to the Accounts.

#### **2.1 Accounting Convention**

These Accounts have been prepared under the historical cost convention.

The Combined Statement of Financial Position at 31 March 2019 shows a liability of £873,640k. 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.

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 2018-19.

#### **2.2 Contributions Receivable**

Employers' normal pension contributions are accounted for on an accruals basis.

Employers' special contributions are accounted for in accordance with the agreement under which they are paid for. In the absence of such an agreement, on a cash basis.

Employee's pension contributions which exclude amounts in respect of the purchase of added years and Additional Voluntary Contributions are accounted for on an accruals basis.

Employee's contributions paid in respect of the purchase of added years are accounted for on an accruals basis. The associated increase in the scheme liability is recognised as expenditure.

### **2.3 Early Retirement**

Contributions received from the employer in relation to the early retirement of NIFRS personnel on ill health grounds were £1,112k, (2017-18: £881k) see Note 3.

### **2.4 Transfers In and Out**

Transfers are normally accounted for as income and expenditure (representing the associated increase in the Scheme liability) on a cash basis, although group transfers-in may be accounted for on an accruals basis where the Scheme has formally accepted or transferred a liability.

### **2.5 Other income**

Other income, including refunds of gratuities, overpayments recovered other than by deduction from future benefits are accounted for on an accruals basis. To the extent that this income also represents an increase in the Scheme liability, it is also reflected in the expenditure.

### **2.6 Current Service Costs**

The current service cost is the increase in the present value of the Scheme liabilities arising from the current member's service in the current period and is recognised in the Combined Statement of Comprehensive Net Expenditure. The current service cost is based on a standard contributions rate of 81.2% of pensionable pay in The Firefighters' Pension Scheme 2007, 53.4% of pensionable pay in The New Firefighters' Pension Scheme 2007 and 59.6% of pensionable pay in the CARE Scheme, as determined at the start of 2018-19.

### **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 2018-19.

### **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 2018 of 2.55%.

## **2.10 Other Payments**

Other payments are accounted for on an accruals basis.

## **2.11 Scheme Liabilities**

Provision is made for liabilities to pay pensions and other benefits in the future. The Scheme liability is measured on an actuarial basis using the projected unit method and is discounted at a rate of 2.55% real (ie, 2.45% including CPI inflation).

Full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding 4 years in accordance with the requirements of FReM. In the intervening periods the actuary reviews the most recent actuarial valuation at the reporting date and updates it to reflect current conditions.

FReM stipulates that approximate actuarial assessments in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. The pension liability recognised in these financial statements has been calculated using full membership data as at 31 March 2019.

The demographic assumptions used to prepare the pension disclosures as at 31 March 2019 have been derived from the specific experience of the Scheme membership.

## **2.12 Pension Benefits Payable**

Pension benefits payable are accounted for as a decrease in the Scheme liability on an accruals basis.

## **2.13 Pension Payments to those Retiring at their Normal Retirement Age**

When a retiring member of either Pension Scheme has no choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the transaction is accounted for as a decrease in the scheme liability on an accruals basis.

## **2.14 Pension Payments to and on account of Leavers before their Normal Retirement Age**

Where a member of any Pension Scheme is entitled to only a refund of contributions, the transaction is accounted for as a decrease in the Scheme liability on an accruals basis.

Where a member of any Pension Scheme has the option of receiving a refund of contributions or a deferred pension, the transaction is accounted for as a decrease in the Scheme liability on a cash basis.

## **2.15 Injury Benefits**

Injury benefits are accounted for in NIFRS main Financial Statements.

## **2.16 Lump Sums Payable on Death in Service**

Lump sum payments payable on death in service are accounted for on an accruals basis. They are funded through the normal pension contributions and are a charge on the pension provision.

## **2.17 Actuarial Gains and Losses**

Actuarial gains and losses arising from any new valuations and from updating the latest actuarial valuation to reflect conditions at the Combined Statement of Financial Position date are recognised in the Combined Statement of Comprehensive Net Expenditure for the year.

## **2.18 Additional Voluntary Contributions**

There are no Additional Voluntary Contributions made to NIFRS Pension Schemes.

## **2.19 Administration Expenses**

Administration expenses are borne by NIFRS Main Accounts and are excluded from these Statements.

## **2.20 Receivables and Payables**

Total Receivables and Payables have been re-analysed into 2 additional categories to add clarity. The additional categories are Non-Current Assets and Non-Current Liabilities (payables after 12 months). Non-Current Assets relate to pension overpayments being recouped over an agreed re-payment plan.

## **2.21 Accounting Standards, Interpretations and Amendments to published Standards adopted during the year ended 31 March 2019**

NIFRS has reviewed the accounting standards, interpretations and amendments to published standards that became effective during 2018-19 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the financial position or results of the NIFRS Pension Fund.

## **2.22 Accounting Standards, Interpretations and Amendments to published Standards not yet effective**

NIFRS has reviewed the additional or revised accounting standards and new (or amendments to) interpretations contained within FReM 2018-19 and concludes that these do not impact the 2018-19 NIFRS Pension Accounts.

## **2.23 Pension Contribution Rates**

### ***1 Retirement Benefit Costs***

#### **Firefighters' Pension Schemes**

The Firefighter Pension Schemes are all final salary Schemes with the exception of The Firefighters' Pension Scheme (Northern Ireland) 2015 which is a career average scheme. The Schemes are wholly unfunded. The IAS 19 pension liability in respect of the Firefighters' Pension Schemes is calculated annually by GAD 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.

DoH currently funds the Firefighters' pension deficit. The employer and employee contribution rates for the Pension Schemes are as set out in the table below:

**SCHEME****ERS RATE 2018/2019**    **ERS RATE 2019/2020**

The Firefighters' Pension Scheme (NI) 2007	31.3%	39.6%
The New Firefighters' Pension Scheme (NI) 2007	18.1%	23.6%
The New Firefighters' Pension Scheme (Amendment) 2015	31.3%	39.6%
The Firefighters' Pension Scheme (NI) 2015 (CARE)	18.8%	31.1%

<b>The Firefighters' Pension Scheme (NI) 2007</b>			
<b>Salary Band 2018-2019</b>	<b>EES RATE 2018/2019</b>	<b>Salary Band 2019-2020</b>	<b>EES RATE 2019/2020</b>
Up to £15,609	11.0%	Up to £15,609	11.0%
£15,610 to £21,852	12.2%	£15,610 to £21,852	12.2%
£21,853 to £31,218	14.2%	£21,853 to £31,218	14.2%
£31,219 to £41,624	14.7%	£31,219 to £41,624	14.7%
£41,625 to £52,030	15.2%	£41,625 to £52,030	15.2%
£52,031 to £62,436	15.5%	£52,031 to £62,436	15.5%
£62,437 to £104,060	16.0%	£62,437 to £104,060	16.0%
£104,061 to £124,872	16.5%	£104,061 to £124,872	16.5%
More than £124,872	17.0%	More than £124,872	17.0%

<b>The New Firefighters' Pension Scheme (NI) 2007</b>			
<b>Salary Band 2018-2019</b>	<b>EES RATE 2018/2019</b>	<b>Salary Band 2019-2020</b>	<b>EES RATE 2019/2020</b>
Up to £15,609	8.5%	Up to £15,609	8.5%
£15,610 to £21,852	9.4%	£15,610 to £21,852	9.4%
£21,853 to £31,218	10.4	£21,853 to £31,218	10.4
£31,219 to £41,624	10.9%	£31,219 to £41,624	10.9%
£41,625 to £52,030	11.2%	£41,625 to £52,030	11.2%
£52,031 to £62,436	11.3%	£52,031 to £62,436	11.3%
£62,437 to £104,060	11.7%	£62,437 to £104,060	11.7%
£104,061 to £124,872	12.1%	£104,061 to £124,872	12.1%
More than £124,872	12.5%	More than £124,872	12.5%

<b>The New Firefighters' Pension Scheme (Amendment) 2015</b>			
<b>Salary Band 2018-2019</b>	<b>EES RATE 2018/2019</b>	<b>Salary Band 2019-2020</b>	<b>EES RATE 2019/2020</b>
Up to £15,609	11.0%	Up to £15,609	11.0%
£15,610 to £21,852	12.2%	£15,610 to £21,852	12.2%
£21,853 to £31,218	14.2%	£21,853 to £31,218	14.2%
£31,219 to £41,624	14.7%	£31,219 to £41,624	14.7%
£41,625 to £52,030	15.2%	£41,625 to £52,030	15.2%
£52,031 to £62,436	15.5%	£52,031 to £62,436	15.5%
£62,437 to £104,060	16.0%	£62,437 to £104,060	16.0%
£104,061 to £124,872	16.5%	£104,061 to £124,872	16.5%
More than £124,872	17.0%	More than £124,872	17.0%

<b>The Firefighters' Pension Scheme (NI) 2015 (CARE)</b>			
<b>Salary Band 2018-2019</b>	<b>EES RATE 2018/2019</b>	<b>Salary Band 2019-2020</b>	<b>EES RATE 2019/2020</b>
Up to £27,818	11.0%	Up to £27,818	11.0%
£27,819 to £51,515	12.9%	£27,819 to £51,515	12.9%
£51,516 to £142,501	13.5%	£51,516 to £142,501	13.5%
More than £142,501	N/A	More than £142,501	N/A

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

<b>SCHEME</b>	<b>ERS RATE inc ill health 2018/2019</b>	<b>ERS RATE inc ill health 2019/2020</b>
The Firefighters' Pension Scheme (NI) 2007	34.6%	45.6%
The New Firefighters' Pension Scheme (NI) 2007	23.3%	31.5%
The New Firefighters' Pension Scheme (Amendment) 2015	34.6%	45.6%
The Firefighters' Pension Scheme (NI) 2015 (CARE)	N/A	N/A

### **3 Contributions Receivable**

	<b>2019 £'000</b>	<b>2018 £'000</b>
Employer	8,189	8,593
Employer contributions - ill health retirements	1,112	881
Employee	5,642	5,669
<b>Total</b>	<b>14,943</b>	<b>15,143</b>

### **4 Pension Transfers In (see also Note 8)**

	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Individual Transfers in from other Schemes</b>		
New Firefighters' Pension Scheme (NI) 2007	734	91
Firefighters' Pension Scheme (NI) 2015 (CARE)	134	3
	<b>868</b>	<b>94</b>

### **5 Other Pension Income**

This Note is not applicable to NIFRS.



## 6 Pension Cost

<b>Current Service Cost</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
Firefighters' Pension Scheme (NI) 2007	15.2	7,460	8,140
New Firefighters' Pension Scheme (NI) 2007	15.3	1,990	1,860
Firefighters' Pension Scheme (NI) 2015 (CARE)	15.4	14,380	12,710
		<b>23,830</b>	<b>22,710</b>
<b>Past Service Cost</b>			
		<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
Firefighters' Pension Scheme (NI) 2007	15.2	30,280	490
New Firefighters' Pension Scheme (NI) 2007	15.3	4,690	-
		<b>34,970</b>	<b>490</b>
Total current and past service costs		<b>58,000</b>	<b>23,200</b>

## 7 Enhancements

This Note is not applicable to NIFRS.

## 8 Transfers in – Additional Liability (see also Note 4)

<b>Individual transfers in from other Schemes</b>		<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
New Firefighters' Pension Scheme (NI) 2007	15.3	734	91
Firefighters' Pension Scheme (NI) 2015 (CARE)	15.4	134	3
		<b>868</b>	<b>94</b>

## 9 Pension Financing Cost

<b>Net Interest on Defined Liability</b>		<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
Firefighters' Pension Scheme (NI) 2007	15.2	17,870	19,350
New Firefighters' Pension Scheme (NI) 2007	15.3	2,800	2,390
Firefighters' Pension Scheme (NI) 2015 (CARE)	15.4	1,120	840
		<b>21,790</b>	<b>22,580</b>

## 10 Other Pension Expenditure

This Note is not applicable to NIFRS.

## 11 Receivables – Contributions due in Respect of Pensions

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due after 1 year: Pension overpayments more than 1 year	-	-
	-	-
Amounts falling due within 1 year: Pension overpayments less than 1 year	3,826	3,042
	<b>3,826</b>	<b>3,042</b>
	-	-
<b>Total receivables as at 31 March</b>	<b>3,826</b>	<b>3,042</b>

## 12 Cash and Cash Equivalents

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	19	9
Net change in cash balances	137	10
<b>Balance at 31 March</b>	<b>156</b>	<b>19</b>

The following balances at 31 March were held at:

Commercial banks and cash in hand	156	19
<b>Balance at 31 March</b>	<b>156</b>	<b>19</b>

## 13 Payables – in respect of Pensions

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within 1 year: Pensions account	-	-
<b>Total payables as at 31 March</b>	<b>-</b>	<b>-</b>

## 14 Provisions for Liabilities and Charges

	Pension Commutation factors <b>2019</b> £'000	Pension Commutation factors <b>2018</b> £'000
Balance at 1 April 2018	8	8
<b>At 31 March 2019</b>	<b>8</b>	<b>8</b>

### Analysis of expected timing of cashflows

	Pension Commutation factors <b>2019</b> £'000	Pension Commutation factors <b>2018</b> £'000
Not later than one year	8	8
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
<b>At 31 March 2019</b>	<b>8</b>	<b>8</b>

### Commutation Factors

Prior to 2006 The Firefighters' Pension Scheme paid lump sum retirement benefits based on fluctuating rather than fixed commutation factors. These factors were not re-assessed by GAD during the period 1998 to 2006. Had the commutation factors been re-assessed in this period, the lump sums paid to retirees would have been greater than those originally paid out.

A test case was brought to the Pensions Ombudsman from a Firefighter who retired in 2005 and claimed that his lump sum had not been uplifted appropriately. The Ombudsman's final ruling found in favour of the Firefighter. A provision of £1,973k was provided for in 2014/15 and the majority of payments have now been made, with one case outstanding. No provision has been made for unauthorised payment or scheme sanction charges which, if applicable, will be met by HM Treasury.

## 15.1 Sensitivity of results

The calculation of the pension liability is sensitive to the assumptions set out below. The following table summarises the impact on the pension liability at 31 March 2019 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)	(62.0)
1 year increase in Member Life Expectancy	2.5	18.0
0.5% increase in the Salary Increase Rate	1.0	7.0
0.5% increase in the Pension Increase Rate	7.5	52.0

### The New Firefighters' Pension Scheme (NI) 2007

Change in assumption*	Impact on DBO	
	%	£ Million
0.5% increase in Discount Rate	(17.0)	(15.0)
1 year increase in Member Life Expectancy	2.5	3.0
0.5% increase in the Salary Increase Rate	8.0	6.0
0.5% increase in the Pension Increase Rate	8.5	9.0

### The Firefighters' Pension Scheme 2015

Change in assumption*	Impact on DBO	
	%	£ Million
0.5% increase in Discount Rate	(16.5)	(8.0)
1 year increase in Member Life Expectancy	2.5	1.0
0.5% increase in the Salary Increase Rate	7.5	4.0
0.5% increase in the Pension Increase Rate	9.5	5.0

\* Opposite changes in the assumptions will produce approximately equal and opposite changes in the Defined Benefit Obligation (DBO). Doubling the changes in assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between assumptions the impacts may offset to some extent.

## 15.2 Analysis of Movement in Firefighters' Pension Scheme 2007 Liability

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Scheme Liability at 1 April	706,990	695,740
Current Service Cost	7,460	8,140
Past Service Cost	30,280	490
Pension financing cost	17,870	19,350
	<u>55,610</u>	<u>27,980</u>
Pension Payments (see Note 15.5)	(19,942)	(18,293)
Actuarial gain (see Note 15.7)	(28,477)	1,563
<b>Scheme Liability at 31 March</b>	<b><u>714,180</u></b>	<b><u>706,990</u></b>

During the year ended 31 March 2019 employee contributions ranged from 11% to 17% of pensionable pay (11%-17%: 2017-18). Employer contributions represented an average of 31.3 % of pensionable pay (31.3%: 2017-18).

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.

Past service costs have arisen as a result of the McCloud/Sargeant Ruling. In December 2018, the Court of Appeal ruled against the Government in the "McCloud/Sargeant" judgement which found that the transitional protection arrangements put in place when the Firefighters' Pension Schemes were reformed were discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement but it has been unsuccessful and the case will be referred back to the Employment Tribunal to agree what the remedy will be following appropriate consultation. GAD has calculated a potential accounting liability of £35m and this is reflected in the Accounts. The estimated liability makes a number of simplifications including: assuming all post-2012 joiners would be compensated; assuming members would receive "better of both" the pre-2015 Scheme benefits and post-2015 Scheme benefits by the time they reach their pre-2015 normal pension age; assuming the underpin applies only to members on their retirement and not in the case of members who voluntarily leave the Scheme before retirement; and assuming no compensation would be granted to employees who paid higher contribution rates whilst in the 2015 Scheme.

### 15.3 Analysis of Movement in New Firefighters' Pension Scheme 2007 Liability

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Scheme Liability at 1 April	109,410	84,850
Current Service Cost	1,990	1,860
Past Service Cost	4,690	-
Pension financing cost	2,800	2,390
	<b>9,480</b>	<b>4,250</b>
Pension transfers in	734	91
Pension Payments (see Note 15.5)	(1,586)	(897)
Actuarial gain (see Note 15.7)	(7,548)	21,116
<b>Scheme Liability at 31 March</b>	<b>110,490</b>	<b>109,410</b>

During the year ended 31 March 2019 employee contributions ranged from 8.5% to 17% of pensionable pay (8.5%-17%: 2017-18). Employer contributions represented an average of 31.3% of pensionable pay (31.3%: 2017-18).

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.

Past service costs have arisen as a result of the McCloud/Sargeant Ruling. In December 2018, the Court of Appeal ruled against the Government in the "McCloud/Sargeant" judgement which found that the transitional protection arrangements put in place when the Firefighters' Pension Schemes were reformed were discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement but it has been unsuccessful and the case will be referred back to the Employment Tribunal to agree what the remedy will be following appropriate consultation. GAD has calculated a potential accounting liability of £35m and this is reflected in the Accounts. The estimated liability makes a number of simplifications including: assuming all post-2012 joiners would be compensated; assuming members would receive "better of both" the pre-2015 Scheme benefits and post-2015 Scheme benefits by the time they reach their pre-2015 normal pension age; assuming the underpin applies only to members on their retirement and not in the case of members who voluntarily leave the Scheme before retirement; and assuming no compensation would be granted to employees who paid higher contribution rates whilst in the 2015 Scheme.

## 15.4 Analysis of Movement in Firefighters' Pension Scheme 2015 (CARE) Liability

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Scheme Liability at 1 April	36,690	23,520
Current Service Cost	14,380	12,710
Pension financing cost	1,120	840
	<b>15,500</b>	<b>13,550</b>
Pension transfers in	134	2
Pension Payments (see Note 15.5)	(141)	(21)
Actuarial gain (see Note 15.7)	(3,213)	(361)
<b>Scheme Liability at 31 March</b>	<b>48,970</b>	<b>36,690</b>

During the year ended 31 March 2019 employee contributions ranged from 11% to 13.5% of pensionable pay (10.5%-14.5%: 2017-18). Employer contributions represented an average of 18.8 % of pensionable pay (18.8%: 2017-18).

## 15.5 Analysis of Benefits Paid

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Firefighters' Pension Scheme 2007:</b>		
Pension Payments	15,525	14,658
Gratuities / Commutations and lump sum benefits on retirement	4,417	3,635
	<b>19,942</b>	<b>18,293</b>
<b>New Firefighters' Pension Scheme 2007:</b>		
Pension Payments	591	352
Gratuities / Commutations and lump sum benefits on retirement	995	545
	<b>1,586</b>	<b>897</b>
<b>Firefighters' Pension Scheme 2015 CARE Scheme:</b>		
Pension Payments	18	3
Gratuities/Commutations and lump sum benefits on retirement	123	18
	<b>141</b>	<b>21</b>

## 15.6 Analysis of Payments to and on account of Leavers

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Firefighters' Pension Scheme 2007</b>		
Refunds to members leaving service	-	-
Individual transfers to other scheme	-	-
Per Statement of Cash Flows	<u>-</u>	<u>-</u>
<b>New Firefighters' Pension Scheme 2007</b>		
Refunds to members leaving service	-	-
Individual transfers to other scheme	-	-
Per Statement of Cash Flows	<u>-</u>	<u>-</u>
<b>Firefighters' Pension Scheme 2015 CARE Scheme</b>		
Refunds to members leaving service	-	-
Individual transfers to other scheme	-	-
Per Statement of Cash Flows	<u>-</u>	<u>-</u>

## 15.7 Analysis of Actuarial (loss)/gain

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Firefighters Pension Scheme 2007</b>		
Experience gains arising on scheme liabilities	2,067	5,487
Changes in financial assumptions underlying the present value of the scheme liabilities	26,410	(28,310)
Changes in demographic assumptions underlying the present value of the scheme liabilities	-	21,260
	<b>28,477</b>	<b>(1,563)</b>
<b>New Firefighters' Pension Scheme 2007</b>		
Experience gains arising on scheme liabilities	1,618	(16,516)
Changes in financial assumptions underlying the present value of the scheme liabilities	5,930	(4,710)
Changes in demographic assumptions underlying the present value of the scheme liabilities	-	110
	<b>7,548</b>	<b>(21,116)</b>



	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
<b>Firefighters' Pension Scheme 2015 CARE Scheme</b>		
Experience gains arising on scheme liabilities	(97)	(2,129)
Changes in financial assumptions underlying the present value of the scheme liabilities	3,310	1,220
Changes in demographic assumptions underlying the present value of the scheme liabilities	-	1,270
	<b>3,213</b>	<b>361</b>
Per Statement of Changes in Taxpayers' Equity	<b>39,238</b>	<b>(22,318)</b>

### **15.8 History of experience gains/(losses)**

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Firefighters' Pension Scheme 2007</b>					
Experience gains/(losses) on scheme liabilities	2,067	5,487	23,436	7,870	18,530
Percentage of the present value of the scheme liabilities	0.29%	0.78%	3.37%	1.33%	2.97%
Total amount recognised in statement of changes in Taxpayers' Equity	28,477	(1,563)	(91,124)	45,570	4,700
Percentage of the present value of the scheme liabilities	3.99%	-0.22%	-13.10%	7.69%	0.75%
<b>New Firefighters' Pension Scheme 2007</b>					
Experience gains/(losses) on scheme liabilities	1,618	(16,516)	(8,910)	2,210	-150
Percentage of the present value of the scheme liabilities	1.46%	-15.10%	-10.50%	4.57%	-0.20%
Total amount recognised in statement of changes in Taxpayers' Equity	7,548	(21,116)	(33,389)	28,210	(26,600)
Percentage of the present value of the scheme liabilities	6.83%	-19.30%	-39.35%	58.3%	-36.08%

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Firefighters' Pension Scheme 2015 CARE Scheme</b>					
Experience gains/(losses) on scheme liabilities	(97)	(2,129)	2,770	(640)	-
Percentage of the present value of the scheme liabilities	-0.20%	-5.8%	11.78%	-7.19%	0.00%
Total amount recognised in statement of changes in Taxpayers' Equity	3,213	361	(4,530)	(400)	-
Percentage of the present value of the scheme liabilities	6.56%	0.99%	-19.26%	-4.49%	0.00%
<b>Combined history of experience gain/(loss)</b>					
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Experience gains/(losses) on scheme liabilities	3,588	(13,157)	17,177	9,440	18,380
Remeasurement in respect of scheme liabilities	39,238	(22,317)	(129,043)	73,380	(21,900)

## 16 Financial Instruments

Accounting standards require disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non-trading nature of its activities and the way in which NIFRS is funded from DoH, the NIFRS Pension Accounts are not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a more limited role in creating or changing risk than would be typical of the listed companies.

NIFRS Pension Accounts rely primarily on departmental funding for its revenue resource requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all assets and liabilities are determined in sterling, so it is not exposed to interest rate or currency risk.

## 17 Losses and special payments

During the year there were no losses or special payments recorded. (2017-18: nil)

## 18 Contingent Liabilities disclosed under IAS 37

### *Age Discrimination Legal Challenge*

A legal challenge was mounted on the potential indirect age discrimination relating to members of the NI Firefighters' Pension Scheme 1992 who had joined the Scheme before the age of 20 and who are not able to retire when they have accrued their full 30 years' pension entitlement because they had not reached the age of 50.

The Department of Communities and Local Government (DCLG) have agreed to settle the case and legislation has been enacted in the UK with retrospective effect to 1 December 2006.

Similar legislation is due to be implemented in Northern Ireland. NIFRS are currently assessing the practicalities of implementation and at this juncture do not have sufficient information to fully quantify associated costs.

### **Commutation factors**

Prior to 2006 the Firefighters' Pension Scheme paid lump sum retirement benefits based on fluctuating rather than fixed commutation factors. These factors were not re-assessed by GAD during the period 1998 to 2006. Had the commutation factors been re-assessed in this period, the lump sums paid to retirees would have been greater than those originally paid out. A test case was brought to the Pensions Ombudsman from a Firefighter who retired in 2005 and claimed that his lump sum had not been uplifted appropriately. The Ombudsman's final ruling found in favour of the Firefighter. A provision of £1,973k was provided for in 2014/15 with the majority of payments made in 2015/16. One case remains outstanding at 31 March 2018 and has been provided for. No provision has been made for unauthorised payment or scheme sanction charges which, if applicable, will be met by HM Treasury.

### **19 Related Party Transactions**

NIFRS is an 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 related to the funding provided to cover the shortfall of scheme payments over contributions.

None of the Managers of the Schemes, key managerial staff or other related parties has undertaken any material transactions with either Scheme during the year.

### **20 Events after the reporting period**

There were no events after the reporting period

### **21 Date authorised for issue**

The Annual Report and Accounts were authorised by the Interim Chief Fire & Rescue Officer to be issued on 4 July 2019.

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