



**Northern Ireland  
Fire & Rescue Service**

# **NIFRS Annual Report & Statement of Accounts 2019-20**



**Northern Ireland Fire & Rescue Service (NIFRS)  
Annual Report and Statement of Accounts  
For the year ended 31 March 2020**

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  
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on

12 November 2020

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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 2019-20.

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.

The global COVID-19 pandemic impacted on how NIFRS delivered its services during the latter half of 2019-20. The first reported COVID-19 case in the UK was reported at the beginning of February 2020, and since then, the UK Government have taken significant steps to contain the virus. By mid-March these measures included a societal lockdown which resulted in public sector bodies like NIFRS carrying out their roles and responsibilities in a new operating environment. These were unprecedented times and on behalf of the Board I would commend all our employees and partner agencies on their response.

During 2019-20 NIFRS developed a new 5 year Strategic Plan (2020-25) encompassing a new Purpose Statement underpinned by clear value statements, 6 strategic outcomes and a suite of strategic performance indicators.

This new Strategic Plan went live, in principle, on 1 April 2020 and our revised Purpose Statement clearly outlines our role going forward –

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

This new Strategic Plan supports our ongoing Service Transformation Programme and will underpin a redesign of our fire and rescue service. We aim to ensure that we are better structured to deliver the best, affordable service to everyone in Northern Ireland with a view to having the right people, in the right place at the right time.

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

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

During the year we progressed recruitment in a number of areas –

- 57 new Wholetime Trainee Firefighters graduated from our Learning & Development Centre (LDC) and were allocated to Stations/Watches;
- 6 new Firefighter (Controls) graduated and were allocated to Watches in our Regional Control Centre (RCC);
- 27 Trainees commenced our Trainee Firefighter Programme in March 2020 and will graduate in mid 2020-21; and
- We launched a recruitment drive for On-Call Firefighters on 41 Stations, with appointments anticipated mid 2020-21.

Additionally in November 2019, as part of our fourth Volunteer Programme, we welcomed 12 Volunteers at Crescent Link Fire Station. These Volunteers will represent NIFRS at community events; provide fire safety information at homes, shopping centres and libraries; and deliver fire safety talks to groups and organisations providing an invaluable community based service.

During 2019-20 I had the privilege, along with Mr Richard Pengelly, Permanent Secretary, DoH, of opening Phase 1 of our Learning & Development Centre Cookstown. This state of the art facility now allows NIFRS to provide our operational employees with sector leading real fire scenario training.

I am also pleased to announce that we have now obtained formal approval for the Phase 2 Business Case which will allow us to progress the development of further training facilities at the Cookstown site. When complete these facilities will allow us to enhance learning opportunities for all employees thus providing them with the necessary training to discharge their roles and responsibilities and develop as individuals.

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

Throughout the year the Board continued to monitor progress on the implementation of 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. As such I am pleased to report that significant progress has been made with 80% of the outstanding internal audit recommendations fully implemented, 18% partially implemented and 2% deemed not yet implemented or no longer applicable. The only historical recommendations moving into 2020-21 relate to longer term projects; implementation of structural reviews; and/or a requirement for IT or other capital investment.

I and my Board colleagues take the public responsibilities entrusted to us very seriously and will continue to govern and oversee NIFRS, to uphold the core values of the organisation and to ensure both Firefighter and public safety are at the core of every decision we make.

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

## SECTION 1 - PERFORMANCE REPORT



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

#### 1.1 PERFORMANCE OVERVIEW

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

During 2019-20, the number of 999 calls handled by our Regional Control Centre (RCC) personnel and the number of incidents attended decreased. We received 32,895 emergency calls (-14.6% on 2018-19) and attended 22,238 incidents (-9.6% on 2018-19). This reduction in call volume is in part attributable to focused prevention and protection activities such as the Strategic Targeted Areas of Risk (STAR) Project.

I am also pleased to see that the number of hoax calls has reduced to 912 (-13.0% on 2018-19) and that the skills demonstrated by RCC personnel at call management and call challenge resulted in Fire Crews mobilising to less than 44% of those calls (404 mobilisations).

We are increasingly tasked to road traffic collisions, flooding and water rescues, animal rescues, incidents involving chemical, biological or radioactive substances as well as search and rescue incidents. During 2019-20, our operational statistics show us responding to 737 road traffic collisions and 2,282 special service calls.

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 782, unfortunately during 2019-20 3 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 107 People at Risk Partnerships across the voluntary and statutory sectors to help us to identify and engage with those people who need our help the most, particularly those aged over 50 and people with mobility or health issues which would impact on their ability to respond to a fire.

During 2019-20, Firefighters carried out 6,980 Home Fire Safety Checks (HFSC) providing advice and fitting 7,520 smoke alarms and 19,006 STAR visits were completed.

Due to the sustained dry weather period in July 2018 we attended unprecedented numbers of gorse fires during 2018-19. Targeted media campaigns during 2019-20 have contributed to a 62.3% (1,189) reduction in gorse fire incidents (3,155 in 2018-19).



During 2019-20 through our Service Transformation Programme we commenced a redesign of our fire and rescue service which aims to ensure that we are better structured and have the right resources to ensure we deliver the best, affordable service to everyone in Northern Ireland with a view to having the right people, in the right place at the right time.

In terms of financial performance we achieved the required break-even position during 2019-20 and paid 87% of trade creditors within the 30 day target (2018-19: 73%) and 74% of trade creditors within the 10 day target (2018-19: 44%).

We are committed to providing the best value fire and rescue service to the public. Our annual Firefighter salary costs reduced by 16.7% to £23.31 per head of population (£28 in 2018-19) (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.

As a result of historical under investment our estate and IT require systems capital investment we are currently focused on key activities in these areas. 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.

A number of key projects came to fruition during 2019-20. These projects included the opening of our new Service Support Centre (SSC) in Belfast to consolidate our support services in one location; and the opening of Phase 1 of our Learning & Development Centre (LDC) Cookstown, providing us with state of the art facilities to aid real fire training.

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 to support projects including corporate desktop and mobile device replacement programme across the organisation, and the replacement WAN/LAN/Corporate WiFi across all sites.

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

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

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

Throughout the year we worked closely with the Department of Health (DoH) and the Home Office to identify and monitor the potential impacts on service delivery provision as a result of

the UK exit from the European Union. We also engaged with RoI colleagues on any potential impacts the EU exit might have on existing cross-border response arrangements.

During 2019-20 we laid the foundation for a stronger organisation and thanks to the continued support and professionalism of our employees and strategic partners we are moving in the right direction and will be able to bring about the necessary change and improvement required, knowing that we are Safer Together.

## 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.

NIFRS has 68 Fire Stations across Northern Ireland –

- 7 Wholetime (Full-Time Firefighters on Station 24 hours a day);
- 7 Wholetime/On-Call (Mixture of Full-Time and Part-Time Firefighters);
- 8 Day Crewed (Full-Time Firefighters on Station from 8 am-6 pm; On-Call Firefighters provide back up when required during core hours and respond to emergencies first outside core hours);
- 45 On-Call (Part-Time Firefighters respond to calls when alerted); and
- 1 Volunteer (Rathlin Rescue Station is crewed by local Volunteer Firefighters).



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During 2019-20, our Vision, Mission & Values were –

**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 employees and the community we serve;
- We value open and honest **Communication** with our employees 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  Reduce the number of fire incidents and 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

Strategic Aim	Key Performance Indicator	CPI No	Corporate Performance Indicators
		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
		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 2020
		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 2019-20
		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 2019-20

## Reporting on Corporate Performance Indicators

Corporate Performance Indicator	Target / Average Baseline	2017-18	2018-19	2019-20
<b>CPI1: 999 Emergency Response:</b> achieve and maintain local 999 emergency response standard of 75% appliances attending an incident within the set target times (to be superseded when revised Standards are agreed)	Response Area Targets  1 <sup>st</sup> Appliance High 75% 6min Medium 75% 12min Low 75% 21min  2 <sup>nd</sup> Appliance High 75% 9min Medium 75% 15min Low 75% 24min	44.8% 65.4% 88.2%  56.4% 52.9% 76.4%	50.1% 69.1% 92.7%  58.3% 62.9% 86.4%	52.50% 68.95% 91.48%  60.07% 62.39% 87.04%
<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  2019-20 Target: 8.6	4	6	3
<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  2019-20 Target: 4.9	1	3	1
<b>CPI4: Number of accidental dwelling fires:</b> reduce by 2% year on year (10% reduction by 2020-21) from the 3 year average baseline*	999 year average baseline: 888  2019-20 Target: 819	896	809	782
<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  2019-20 Target: 153	148	129	133
<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  2019-20 Target: 86.7	93	82	69
<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  2019-20 Target: 1,224	1,180	1,062	1,027
<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  2019-20 Target: 4,458	5,050	5,659	3,834

<b>Corporate Performance Indicator</b>	<b>Target / Average Baseline</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<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  2019-20 Target: 399	466	415	404
<b>CPI10 Sickness Absenteeism:</b> Achieve an average of 10 days/shift lost per year by 2020	2019-20 Target: 10	13.15	13.7	16.6
<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  2019-20 Target: 0	1	0	4
<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  2019-20 Target: 39.4	19	28	52

Notes

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

\*\* Requiring attendance at hospital

## Service Delivery Statistics

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

<b>Performance Measurement<sup>(1)</sup></b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>% change from 2018-19 &amp; 2019-20<sup>(3)</sup></b>
<b>Regional Control Centre</b>				
999 Calls managed by RCC*	36,462	38,511	32,895	-14.6%
Incidents Mobilised	24,102	24,586	22,238	-9.6%
Hoax Calls Received	1,160	1,048	912	-13.0%
Mobilisations to Hoax Calls	466	415	404	-2.7%
<b>Response Activity</b>				
Primary Major Fires Mobilised <sup>(2)</sup>	2,976	2,860	2,731	-4.5%
Deliberate Primary Fires	1,165	1,062	1,027	-3.3%
Accidental Dwelling Fires	896	809	782	-3.3%
Accidental Dwelling Fire Fatalities	4	6	3	-50.0%
Accidental Dwelling Fire Fatalities – People at Risk	1	3	1	-66.7%
Major Fire Rescues	52	47	34	-27.7%
Major Fire Casualties	411	420	421	+0.2%
Road Traffic Collisions Mobilised	790	744	737	-0.9%
Road Traffic Collision Fatalities (only at RTCs NIFRS mobilised to)	40	38	33	-13.2%
Road Traffic Collision Rescues	50	40	45	+12.5%
Road Traffic Collision Casualties	1,102	1,052	1,069	+1.6%
Special Service Calls Mobilised (Excludes RTCs)	2,341	2,252	2,282	+1.3%
Special Service Call Fatalities (Excludes RTCs)	33	36	32	-11.1%
Special Service Call Rescues (Excludes RTCs)	806	662	749	+13.1%
Special Service Call Casualties (Excludes RTCs)	425	403	509	+26.3%



Performance Measurement <sup>(1)</sup>	2017-18	2018-19	2019-20	% change from 2018-19 & 2019-20 <sup>(3)</sup>
Gorse Fires (Secondary)	2,094	3,155	1,189	-62.3%
Secondary Fires – Other <sup>(2)</sup>	3,351	3,232	2,935	-9.2%
False Alarms due to Alarm Systems	8,970	8,760	9,179	+4.8%
<b>Prevention Activity</b>				
Fire Safety Audits	1,476	1,074	706	-34.3%
Home Fire Safety Checks	4,423	5,272	6,980	+32.4%
Smoke Alarms Fitted During HFSC	3,228	5,734	7,520	+31.1%
Strategically Targeted Areas of Risk (STAR)	(4)	13,951	19,006	+36.2%

#### Notes

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

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

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

- Major (Primary) Fires are generally more serious fires occurring in one or more of the following locations: buildings, mobile homes, caravans, trailers, vehicles and other methods of transport (not derelict), outdoor storage, plant, machinery, agricultural and forestry property, other outdoor structures including post boxes, tunnels, bridges. Any fire involving casualties or rescues, or a fire that was attended by 5 or more fire appliances or a fire which spread from one secondary location to another would also be categorised as a primary fire.
- Secondary fires are generally smaller fires which were attended by 4 or fewer fire appliances and which are confined to the following locations: outdoor locations (gardens, grassland, heathland, and hedges), fires involving rubbish, street or railway furniture, fires in single derelict buildings or vehicles.

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

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

### Prevention & Protection Activities

Prevention Theme	Activity	2017/18		2018/19		2019/20	
		Events	Reach	Events	Reach	Events	Reach
Fire Safety in the Home	Leaflets	1,874	48,798	2,134	70,838	1,071	34,924
	Youth Engagement	409	21,530	267	9,348	254	10,500
	Safety Team	691	20,573	726	22,695	555	19,737
	Chip Pan Demos	12	616	6	1,008	3	5,500
	Community Safety Vehicle	1		0		4	
	Bee Safe	25	4,122	28	6,499	40	3,572
	Events/Exhibitions	165	37,297	99	24,413	83	7,261
	Talks	96	2,789	73	1,900	89	3,322

Prevention Theme	Activity	2017/18		2018/19		2019/20	
		Events	Reach	Events	Reach	Events	Reach
People at Risk	Leaflets	409	23,273	169	9,020	441	10,535
	Partnership Development	0	0	17	122	35	374
	Talks	134	3,287	112	2,180	155	2,955
	Events/Exhibitions	30	13,760	26	1,444	27	3,935
	Replacement Smoke Alarms	338		318		273	
	Home Fire Safety Checks	4,423		5,272		6,980	

## **Strategic Objective 1: Service Delivery**

### **OBJECTIVE**

We will deliver risk based, collaborative and community centred service delivery (protection, prevention, response and resilience) with high standards of internal and external customer service.

### **OUTCOMES**

#### **Call Handling**

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

During 2019-20 RCC received 32,895 emergency calls.

#### **Response**

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

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

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

During 2019-20 operational Crews were mobilised to 22,238 incidents.

#### **People at Risk Strategy**

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

Statistics show that older people and those with mobility and/or health issues, which could 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.

NIFRS has a statutory duty to keep people safe from the dangers of fire.

During 2019-20 we revised our People at Risk Strategy, amending our People at Risk definition to persons who –

- are aged 50 or older; or
- have a disability or impaired mobility (includes those with an impairment or health condition that would impact on their ability to acknowledge and respond to an emergency in the home); or
- are referred to NIFRS by a partnership agency.

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 782 (-3.3% in 2018-19), unfortunately during 2019-20 3 people (-50.0% on 2018-19) still lost their lives in accidental dwelling fires.

### 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.

Since its introduction NIFRS have targeted over 40,000 homes to provide fire safety advice and offer a free home fire safety check to people at risk.

During 2019-20 NIFRS personnel visited 19,006 homes to provide fire safety advice and 6,980 home fire safety checks were carried out during these visits. The current STAR initiative will run until March 2021 and work has commenced on a new 3 year STAR2 initiative to further progress this important work.

### Collaboration and Partnership

NIFRS, within our prevention work streams, proactively targets collaborative working to deliver outcomes for the community.

We have developed over 107 partnerships across the voluntary and statutory sectors to help us identify and engage with those people who are most at risk from fire.

### Fire Safety Volunteers

In line with other UK Fire & Rescue Services, NIFRS has recruited a number of Volunteers to support community based fire safety activity.

During 2019-20 NIFRS welcomed 12 new Volunteers at Crescent Link Fire Station. They join 22 other community Volunteers already 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. They do this by representing NIFRS at community events; providing fire safety information at homes, shopping centres and libraries; and delivering fire safety talks to groups and organisations providing an invaluable community based service.

## **Road Safety**

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

NIFRS Road Safety Strategy delivers a new virtual reality road safety education programme aimed at 16-24 year olds within identified high risk areas. The programme focuses on the causes and consequences of road traffic collisions (RTCs), and is delivered in partnership with other key agencies, community and local sporting and educational groups.

In 2019-20 Fire Crews attended 737 RTCs, a 0.9% decrease on 2018-19. 33 people tragically lost their lives at RTCs attended by NIFRS (56 RTC fatalities in total in 2019-20 – 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.

During 2019-20 NIFRS won a prestigious NI Road Safety Award for our innovative virtual reality road safety programme 'Your Choice' which is used to highlight to young drivers the dangers on our roads and what can happen if things go wrong.

## **NIFRS Resilience Capabilities**

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

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

These incidents include –

- Major industrial accidents and major transport incidents;
- Large collapsed structures;
- Terrorist related incidents;
- Natural disasters including catastrophic flooding;
- Chemical, Biological, Radiological, Nuclear (CBRN) incidents; and

- Operational capabilities including - Rope Rescue; Urban Search and Rescue (USAR); Flood Response; High Volume Pump (HVP); Marine Response; Hazardous Material (Hazmat); Large Animal Rescue and Heavy Vehicle Rescue.

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

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

## **Emergency Planning**

NIFRS is represented across the NI Civil Contingencies structures at all levels 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 Event 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 2019-20 NIFRS utilised a number of UK-wide Fire & Rescue Service models and structures to help support and enhance service delivery.

## **Operational Guidance**

We maintain robust systems, processes and procedures to produce operational guidance that build upon national guidance, identifying hazards to personnel and providing the relevant control measures, to support the management of operational risk. This enables us to provide a safe, effective and efficient response to operational incidents.

## **Fire Safety**

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

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

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

In 2019-20 NIFRS carried out 706 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.

During 2019-20, NIFRS progressed 3 Enforcement Notices and 4 Prohibition Notices.

### **Fire Investigation**

NIFRS has a statutory duty to investigate the cause of all accidental fires.

NIFRS will seek to establish the reasons for any abnormal fire development and the impact of fire safety measures. Investigations will identify fires of special interest and the learning gained may be used to provide targeted fire safety advice for the public and operational information to improve firefighter safety.

### **Health and Safety**

NIFRS ensures Health and Safety statutory compliance through its protection work streams, with a particular focus on community and Firefighter safety within the operational environment.

### **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 2019-20 there were 131 Fire Cadets on the Scheme supported by 62 Leaders.

The Fire Cadets Scheme works with The Duke of Edinburgh Award Scheme and in 2019-20, 17 Fire Cadets received their Duke of Edinburgh Bronze Award and a further 2 Fire Cadets received their Gold Award.

## Strategic Objective 2: Manage Resources

### AIM

We will ensure effective, efficient and risk based use of resources through appropriate structures, working practices, systems and processes.

### OUTCOMES

#### An Overview of Financial Performance

The 2019-20 budget allocations from DoH were £110.5m in respect of revenue and £7.4m for capital.

The financial key performance indicator was to achieve by 31 March 2020 the financial breakeven target of 0.25% or £20k (whichever is the greater) of revenue allocation. NIFRS achieved 0.11%.

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

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

	2017-18 £000	2018-19 £000	2019-20 £000
<b>Net expenditure</b>	90,084	81,390	110,369
<b>RRL</b>	90,103	81,393	110,491
<b>Break even position (%)</b>	0.02%	0.00%	0.11%
<b>Net Capital expenditure</b>	11,395	14,078	7,364
<b>CRL</b>	11,752	14,085	7,364
<b>(Under)/overspend against CRL</b>	(357*)	(7)	-
<b>Firefighter pension liability</b>	853,090	873,640	1,009,140
<b>Re-measurement gains/losses</b>	(22,317)	39,238	(108,025)

\*£0.337m of the 2017-18 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. IT infrastructure services are now a shared service, provided by 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 2019-20.

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

The corporate desktop and mobile device replacement programme across the organisation and the replacement WAN/LAN/Corporate WiFi project have been completed.

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

During 2019-20 we opened Phase 1 of our Learning & Development Centre (LDC) Cookstown. This state of the art facility now allows NIFRS to provide our operational employees with sector leading real fire training scenario training.

We also received formal approval for the Phase 2 Business Case which will allow us to progress the development of further training facilities at the Cookstown site. When complete, these facilities will allow us to enhance learning opportunities for all employees thus providing them with the necessary training to discharge their roles and responsibilities and develop as individuals.

### **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**

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

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

### **Investment in Fleet**

Fleet & Engineering Services completed the 2019-20 capital procurement plan which resulted in the delivery of 17 fire appliances, all with Compressed Air Foam System (CAFS) capabilities.

## Strategic Objective 3: Support Our People

### AIM

We will support a competent, resourced and engaged team in an environment of dignity and respect and health and well-being where potential is fulfilled.

### OUTCOMES

#### Resourcing

NIFRS Resourcing Team delivered a busy programme of recruitment and selection throughout 2019-20 with 35 recruitment processes for Operational, Regional Control Centre (RCC) and Support employees completed. A further 15 processes were ongoing however these were placed on hold due to the Covid-19 pandemic. This continues to be an increase in recruitment exercises from 2018-19 while ensuring no increase in average cycle times for Operational and Support recruitment.

#### Appointments/Promotions

Role	No of Appointments
Director of Service Support (Secondment)*	1
Area Commanders	4
Station Commanders	5
Watch Commanders (includes On-Call & RCC)	64
Crew Commanders (includes On-Call & RCC)	73
Firefighters – Wholetime (Full-Time)	56
Firefighters – Retained (On-Call)	18
Support Roles	26

\* Corporate Management Team (CMT) appointment

#### Firefighter Recruitment

During 2019-20, 2 Wholetime Trainee Firefighter intakes graduated and 57 new Firefighters became operational. A further intake of 27 Wholetime Firefighters commenced our Trainee Firefighter Programme in March 2020.

We also launched a recruitment drive for On-Call Firefighters on 41 Stations, with appointments anticipated mid 2020-21.

#### RCC Recruitment

During 2019-20, 6 new Firefighter (Controls) became operational after completing the RCC Training Programme.

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

In 2019 Investors in People (IIP) conducted a service-wide survey and various face to face meetings in order to assess the organisation against the IIP standard. As a result 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 a further 2 years.

## **Employee Engagement and Recognition**

With a substantive workforce of 1,974 people spread over 76 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 and an employee e-zine (Staff News).

Engaging, empowering and recognising our people is critical. We use a variety of ways to engage with our employees including employee engagement sessions and an employee e-zine. We plan to develop an Intranet site to further enhance this.

We acknowledge individual and team successes and host an annual Employee Award Ceremony to recognise the contribution made by individuals and teams.

The 2019 Employee Awards winners were:

### Chief Fire & Rescue Officer's Award

Samantha Wilson, Area Business Manager, Northern Area Command

### Chairperson's Community Award

Station Commander Michael Curran

### Outstanding Achievement – Team

On-Call Training Teams

### Outstanding Achievement – Individual

Crew Commander Alan Murdoch

### Operational Performance Award - Wholetime Watch

Green Watch SRT

### Operational Performance Award – Retained Station

Omagh On-Call Firefighters

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

## **Learning & Development**

We are developing a new Learning Management System (LMS) to ensure a more innovative and efficient approach to learning management including the automatic recording of training and flagging of personnel who's training has or is about to expire. LMS will support all learning and will offer a diverse range of online learning modules to cover topics such as leadership and management development, performance management, managing projects, and 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 employees 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. It is anticipated that roll out of the new System will complete in 2020-21.

## **Operational Training**

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

We have developed an Operational Competence Framework (OCF) which includes a standardised and service-wide Training Planner, 'Simulation & Performance Reference' (SPR) booklets and the National Drill book for standardising the use of procedures and equipment. These are located on our Beehive system, which provides a platform for centralised and standardised 2-Yearly Themed Training Plan with all relevant resources and content linked.

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

Phase 1 of our LDC Cookstown opened in September 2019 and provides us with state of the art facilities to aid real fire training.

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

## **Quality & Improvement Team**

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

## **Equality & Inclusion**

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

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

In June 2018 we were awarded a Bronze Northern Ireland Diversity Chartermark, a new recognition for local employers, for our progress on gender diversity. We are now eligible to use the Diversity Mark logo and are encouraged to display this as the 'Mark of Progress'. The Chartermark will support us in improving and working towards higher level accreditation over the next 3 years.

## **Health and Wellbeing**

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

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

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

A new employee 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 compliance with statutory duties and governance framework to ensure effective decision-making, internal controls, and performance management systems.

### **OUTCOMES**

#### **Organisational Restructuring**

NIFRS continued to progress with organisational restructuring. New structures for Service Support, Finance and Transformation, Performance & Governance Directorates were progressed in 2019-20. It is anticipated that all organisational restructuring will be completed by the end of 2020-21.

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

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

- Contract Management;
- Estates, Capital and Facilities Management;
- Financial Management;
- Fuel, Vehicle & Equipment;
- Governance;
- Human Resources Advisory;
- Learning & Development;
- Information Management;
- Information Technology Management;
- Organisational Development;
- Planning & Performance Management;
- Service Delivery; and
- Stock & Inventory Management.

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

Significant progress has been made in terms of internal audit recommendations throughout 2019-20. 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. Significant progress has been made with 80% of the outstanding internal audit recommendations fully implemented, 18% partially implemented and 2% deemed not yet implemented or no longer applicable. The only historical recommendations moving into 2020-21 relate to longer term projects; implementation of structural reviews; and/or a requirement for IT or other capital investment.

Throughout 2019-20 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 2020-21 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 2 of a 3-year Information Management Action Plan was developed and implemented 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.

## Complaints

NIFRS records Customer Charter Complaints and outcomes. During 2019-20 NIFRS received 32 complaints broken down as follows -

	2018-19	2019-20	% Difference
Complaints Total	46	32	-30.4%
Formal	3	1	-66.7%
Informal	43	31	-27.9%

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: Michael Graham      Accounting Officer

Date:    4 November 2020



## **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. The NIFRS Board is appointed by the Health Minister and comprises a non-executive Chairperson and 10 non-executive Members, 4 of whom are District Councillors and the remainder are Lay Members. The Chief Fire & Rescue Officer is also a member of the NIFRS Board.

Membership of NIFRS Board as at 31 March 2020:

- 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 progressed a recruitment exercise and new Members commenced on 1 April 2020.

###### 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 2020 comprised of the following:

- Mr Michael Graham, Interim Chief Fire & Rescue Officer;
- Mr Alan Walmsley, Assistant Chief Fire & Rescue Officer (Director of Service Delivery);
- Mr Aidan Jennings, Assistant Chief Fire & Rescue Officer (Director of Service Support);
- Mr Mark Deeney, Assistant Chief Fire & Rescue Officer (Director of Transformation, Performance & Governance);
- Mrs Elaine Magee, Acting Director of Human Resources; and
- Ms Paula White, Interim Director of Finance.

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

- The Chief Fire & Rescue Officer retired on 15 January 2020;

- The Chief Fire & Rescue Officer (interim) role was held by Mr Michael Graham throughout 2019-20;
- The Assistant Chief Fire & Rescue Officer (Service Support) role was held by the following during 2019-20: Mr Lloyd Crawford (1 April 2019 to 1 September 2019); and Mr Aidan Jennings (2 September 2020 to post year-end);
- The Director of Human Resources role was held by the following during 2019-20 – Mr David Moore (1 April 2019 to 1 May 2019); and Mrs Elaine Magee (1 May 2019 to post year-end); and
- The Interim Director of Finance role was held by Ms Paula White throughout 2019-20.

## **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 Transformation, Performance & Governance 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 3 potential personal data breaches investigated during 2019-20 all of which were referred to the ICO who confirmed that they would be taking no action in any of the cases.

## **Pension Obligations**

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

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

## **Charitable Donations**

No charitable donations were made which resulted in financial expenditure in 2019-20 (2018-19: £0)

## **Prompt Payment**

DoH requires that NIFRS pay their trade creditors in accordance with the Better Payments Practice Code and Government Accounting rules. In 2019-20 NIFRS paid 87% of trade

creditors within the 30 day target (2018-19: 73%) and 74% of trade creditors within the 10 day target (2018-19: 44%). 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 2020, which pertained solely to the audit of the Annual Accounts, was £37k. Details, adjusted for a reversing accrual of £23k, 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 Accounts, pages 72-113; Pension Accounts, pages 123-145) 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: Michael Graham                      Accounting Officer

Date:    4 November 2020

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

Under Schedule 1, Para 15(2) of the Fire and Rescue Services (Northern Ireland) Order 2006 the Department of Health has directed Northern Ireland Fire & Rescue Service (NIFRS) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of NIFRS, of its income and expenditure, changes in taxpayers equity and cash flows for the financial year.

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

- Observe the Accounts Direction issued by the Department of Health 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 financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the HSC body will continue in operation.
- Keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the HSC Body.
- Pursue and demonstrate value for money in the services the HSC Body provides and in its use of public assets and the resources it controls.

The Permanent Secretary of the Department of Health as Principal Accounting Officer for Health and Social Care Resources in Northern Ireland has designated Michael Graham of NIFRS as the Accounting Officer for the HSC Body.

The responsibilities of an Accounting Officer, including responsibility for the regularity and propriety of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the HSC Body's assets, are set out in the formal letter of appointment of the Accounting Officer issued by the Department of Health, Chapter 3 of Managing Public Money Northern Ireland (MPMNI) and the HM Treasury Handbook: Regularity and Propriety.

# **NORTHERN IRELAND FIRE & RESCUE SERVICE YEAR END GOVERNANCE STATEMENT 2019-20**

## **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 2019-20 the appointed Accounting Officer fully complied with the Accounting Officer Memorandum.

During 2019-20 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 and Response Plans.

Within the Prevention and Protection functions NIFRS continues to work in partnership with a wide range of statutory and voluntary organisations to deliver Fire Safety and Road Safety interventions to those most at risk. NIFRS currently have 107 People at Risk Partnerships and 76 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 Understanding. NIFRS has enhanced our collaboration and effective partnership working with partner emergency services through the combined delivery of the Joint Emergency Services Interoperability Principles (JESIP).

## **Budget**

The Assembly passed the Budget Act (Northern Ireland) 2020 in March 2020 which authorised the cash and use of resources for all departments and their Arms' Length Bodies for the 2019-20 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2020 also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2020-21 financial year. While it would be normal for this to be followed by the 2020-21 Main Estimates and the associated Budget (No. 2) Bill before the summer recess, the COVID-19 emergency and the unprecedented level of allocations which the Executive has agreed in response, has necessitated that the Budget (No. 2) Bill is instead authorising a further Vote on Account to ensure departments and their Arms' Length Bodies have access to the cash and resources through to the end of October 2020, when the Main Estimates will be brought to the Assembly and the public expenditure position is more stable.

## **EU Exit**

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The future relationship between the EU and the UK will be determined by negotiations taking place during the transition period ending 31 December 2020. As uncertainty still exists regarding the Northern Ireland Protocol, this is under review in conjunction with key stakeholders. NIFRS will continue to work collaboratively with colleagues during 2020-21 across the Department, HSC and wider to ensure we are appropriately prepared for the end of the transition period and the new dispensation.

## **COVID-19**

The World Health Organisation (WHO) declared the outbreak of Coronavirus disease (COVID-19) a global pandemic on 11 March 2020, following which the Department and its ALBs immediately enacted emergency response plans across the Northern Ireland Health sector.

There was a UK-wide coordinated approach guided by the scientific and medical advice from respective Chief Medical Officers and Chief Scientific Advisers informed by the emergent evidence nationally and internationally. Evidence-based UK-wide policies and guidelines continue to be carefully followed in conjunction with the PHA issuing local guidelines and ensuring readily accessible and continually updated advice.

The pandemic has had extensive impact on the health of the population and the way business is conducted across the public sector.

Financial measures have been put in place by the Northern Ireland Executive to enable Northern Ireland to tackle the response to COVID-19 and DoH has obtained essential

financial support from this package of measures to assist in the ongoing fight against COVID-19.

Protecting the population and staff safety has remained at the forefront throughout NIFRS' emergency response.

In response to the COVID-19 Pandemic, NIFRS immediately set up Gold, Silver and Bronze Command Structures and developed supporting governance arrangements to document emergent issues, risks, decisions and lessons learned.

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

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

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

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

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

As NIFRS' response moves into the recovery phase a NIFRS Recovery Group will be established.

## **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 self-assessments documents in the areas of Information Governance, Risk Management, Governance, Health & Safety, Security Management, Human Resources and Emergency Planning.

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

During 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.

A further audit is scheduled to take place during 2020-21.

### **3 GOVERNANCE FRAMEWORK**

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

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

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

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

NIFRS Corporate Governance Framework has been in place for the duration of the year ended 31 March 2020 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 Councilors and the remainder are lay members.

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



During 2019-20 there were no changes to the NIFRS Board and 5 Board vacancies were carried throughout the year. A further Board Member left at the beginning of 2020-21. Board vacancies were filled through the appointment of 6 new Board Members who commenced on 1 April 2020.

The NIFRS Board provides leadership, vision and strategic direction to the management of NIFRS operations, employees and financial systems. The detailed functions, duties and powers of the NIFRS Board are set out in The Fire and Rescue Services (NI) Order 2006 and the roles of the Chairperson of the Board and its Members are further set out in the Management Statement between 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 2019-20, all Board Meetings were quorate. Attendance at each of the 9 Board Meetings during 2019-20 was as follows:

	Cadogan Enright	Michael Graham	Ken Henning	Robert Irvine	Peter Martin	Carmel McKinney	Gordon Smyth		Total Attendees	Board Size	% of Total
<b>22-May-19*(1)</b>	X	-	✓	✓	✓	✓	✓		5	7	71.4
<b>22-May-19</b>	✓	✓	✓	✓	X	✓	✓		6	7	85.7
<b>02-Jul-19</b>	X	✓	✓	✓	✓	✓	X		5	7	71.4
<b>24-Sep-19*(1)</b>	✓	✓	✓	✓	✓	X	✓		6	7	85.7
<b>24-Sep-19</b>	✓	✓	✓	✓	✓	X	✓		6	7	85.7
<b>19-Dec-19</b>	✓	✓	✓	X	✓	✓	X		5	7	71.4
<b>25-Feb-20</b>	✓	✓ (2)	✓	✓	✓ (2)	✓	✓		7	7	100
<b>04-Mar-20*(1)</b>	✓	-	✓	✓	✓ (2)	✓	✓		6	7	85.7
<b>31-Mar-20</b>	✓	✓	✓	✓	✓	✓	✓		7	7	100

(1) Special Board Meeting

(2) Not present for full meeting

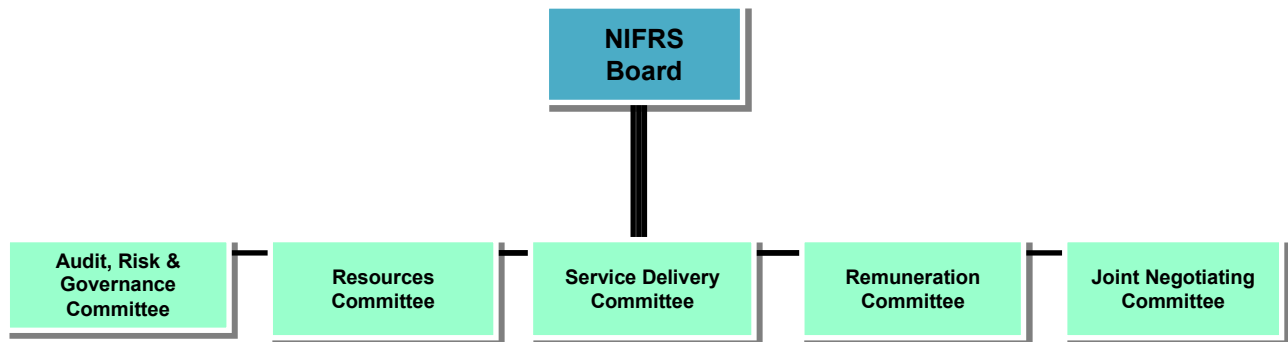
\* Closed Session

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 2019-20, 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 2019-20.

## Board Committees (to 31 March 2020)

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.



### 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 2019-20 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 2020-21, Board 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 30 September 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) 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 2020/21 financial year.

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

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

## **Corporate Management Team**

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 2020 comprised of the following:

- Mr Michael Graham, Interim Chief Fire & Rescue Officer;
- Mr Alan Walmsley, Assistant Chief Fire & Rescue Officer (Director of Service Delivery);
- Mr Aidan Jennings, Assistant Chief Fire & Rescue Officer (Director of Service Support);
- Mr Mark Deeney, Assistant Chief Fire & Rescue Officer (Director of Transformation, Performance & Governance);
- Mrs Elaine Magee, Acting Director of Human Resources; and
- Ms Paula White, Interim Director of Finance.

## **4 FRAMEWORK FOR BUSINESS PLANNING AND RISK MANAGEMENT**

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

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

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

During 2019-20 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. These were reviewed during 2019-20 and a revised Purpose Statement, Values and Strategic Outcomes will be adopted in 2020-21.

NIFRS use various scanning techniques to determine how it is affected by its environment (internal and external) in terms of political, economic, social and technological influences. These processes look at both operational and organisational drivers to determine priorities. The combination of outcomes provides a basis for the analysis of business and environmental factors in terms of what we are doing and more importantly, what NIFRS should be doing going forward. The NIFRS Board and 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 2019-20 was generated based on updated strategic objectives and included DoH ALB Annual Compliance Targets. A final draft Annual Business Plan 2019-20 was presented to and approved by the NIFRS Board and DoH and became operational on 1 April 2019.

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 2019-20 Risk Management training was provided at Area and Functional Levels and NIFRS management commenced a review of organisational risk management processes.

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

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

During 2019-20 NIFRS developed and implemented an information management action plan focused on addressing areas of concern including:

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

During 2019-20, 3 potential data protection breaches were investigated. All 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 establishment of a Disaster Recovery site.

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

Systems access is password controlled, application owners authorise the nature and extent of user access privileges and such privileges are reviewed by application owners to ensure access privileges remain appropriate. The use of data storage devices such as USB drives is prohibited.

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

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

## **6 FRAUD**

NIFRS takes a zero tolerance approach to fraud in order to protect and support our key public services. We have put in place an Anti-Fraud Policy and Fraud Response Plan to outline our approach to tackling fraud, define employee responsibilities and the actions to be taken in the event of suspected or perpetrated fraud, whether originating internally or externally to the organisation. Our Fraud Liaison Officer promotes fraud awareness, coordinates investigations in conjunction with the BSO Counter Fraud and Probity team and provides advice to personnel on fraud reporting arrangements. All employees are provided with fraud awareness training in support of the Anti-Fraud Policy and Fraud Response Plan, which are kept under review and updated as appropriate or every 3 years.

## **7 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.

## **8 ASSURANCE**

NIFRS' system of internal control is based on ongoing management and review processes introduced to minimise the impact of risks to the achievement of NIFRS' mission, aims and objectives. This system of internal control has been in operation throughout the financial year ended 31 March 2020 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 assurance requirements. Progress is reported to the CMT and AR&GC;
- An Assurance Framework, Corporate Risk Management Strategy, Policy & Procedure, and Corporate Risk Register approved and monitored by 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;
- Environmental scanning including taking cognisance of NIAO Value for Money Reports and related learning;
- An AR&GC to oversee the work of the Internal and External Audit functions and provide independent assurance of the effectiveness of:
  - The governance arrangements of NIFRS and its services;
  - NIFRS' risk management framework and the associated control environment; 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

As recommended by Internal Audit in the 2018-19 Post Control Assurance Review, NIFRS staff are now attending the Arms-Length Bodies (ALB) Forum.

On 12 November 2019, the ALB Forum hosted a Controls Assurance Standards Workshop with a view to –

- (i) Examining the current direction with respect to Departmental Assurance requirements; and
- (ii) Establishing what other assurance mechanisms already exist within organisations.

Following this exercise, formal assessment took place during 2019-20 covering the following areas –

- Governance;
- Risk Management;
- Information Management;
- Human Resources
- Health & Safety; and
- Security Management

In addition Independent Assurances were sought from the Business Services Organisation (BSO) in respect of outsourced activities in respect of IT Management and Procurement.

## 9 SOURCES OF INDEPENDENT ASSURANCE

NIFRS obtains independent assurance from the following sources:

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

### Internal Audit

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

In 2019-20 Internal Audit reviewed the following systems –

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE PROVIDED
Payroll	<ul style="list-style-type: none"><li>• Limited - Management of claims (specifically R3 and R6 forms) for payments to retained employees</li><li>• Satisfactory - Management of Overtime</li></ul>
Non Pay Expenditure	<ul style="list-style-type: none"><li>• Satisfactory</li></ul>
Management of Capital Expenditure and General Estates Contracts Management	<ul style="list-style-type: none"><li>• Satisfactory</li></ul>
Directorate Risk Based Audit: Community Protection	<ul style="list-style-type: none"><li>• Limited - Fire Safety Audits</li><li>• Satisfactory - Investigating fires and fire safety advice</li></ul>
Stores / Stock Management	<ul style="list-style-type: none"><li>• Limited</li></ul>

AUDIT ASSIGNMENT	LEVEL OF ASSURANCE PROVIDED
Fleet and Equipment	<ul style="list-style-type: none"> <li>Limited</li> </ul>
Station Visits	<ul style="list-style-type: none"> <li>Limited</li> </ul>
Training	<ul style="list-style-type: none"> <li>Limited</li> </ul>

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

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

In addition to the above internal audit engagements, the Chief Fire & Rescue Officer (CFRO) (Interim) commissioned Internal Audit to undertake an Independent Review into issues around the investigation processes and timescales, relating to matters raised in a letter from a MLA. Internal Audit's role in conducting this Review was to consider NIFRS' own investigation of the concerns and identify weaknesses and further work required. This review identified a number of weaknesses including timeliness of investigation, the gathering of evidence and ineffective prompt management action. The report made a number of recommendations for NIFRS to take forward.

In her annual report, the Internal Auditor reported that NIFRS' system of internal control was Limited. This assessment was based on the adequacy and effectiveness of the organisation's framework of governance, risk management and control in the areas audited during 2019-20.

By way of explanation she stated that -

*“Limited assurance is provided on the basis of the volume and nature of Limited assurance opinions in 2019-20 audits and the significant findings in the specific independent review conducted by Internal Audit during the year. Whilst providing limited assurance, Internal Audit recognises Management's continued focus and progress made on the implementation of outstanding Internal Audit recommendations”.*

Weaknesses in control were identified in a number of areas as follows:

Audit Title, Assurance Level & Number of Priority 1 Findings	Overview of Findings
Payroll – no x priority 1 findings  Split Assurance – <ul style="list-style-type: none"> <li>Limited - Management of claims (specifically R3 and R6 forms) for payments to retained employees</li> <li>Satisfactory - Management of Overtime</li> </ul>	<ul style="list-style-type: none"> <li>Manual Systems - labour intensive manual process, which is inefficient and there is a higher risk of errors.</li> <li>Attendance availability for retained employees is recorded on the Gartan system. However there is no linkage between the Gartan system and the payroll system to ensure that there are no employees being paid at times when they are recorded as being booked off or on leave per Gartan</li> <li>A number of checks and approvals, including cumulative non-attendance remain manual and as such may impact on the effectiveness of systems.</li> <li>Payments breakdown - there is insufficient management information available from the payroll system and/or the General Ledger to determine the total amounts paid by NIFRS over a given period to retained employees in respect of each of these different payment types. Management cannot perform variance analysis for different types of payment types.</li> </ul>

Audit Title, Assurance Level & Number of Priority 1 Findings	Overview of Findings
Directorate Risk Based Audit: Community Protection – no x priority 1 findings  Split Assurance – <ul style="list-style-type: none"> <li>• Limited - Fire Safety Audits</li> <li>• Satisfactory - Investigating fires and fire safety advice</li> </ul>	<ul style="list-style-type: none"> <li>• Number of Audit Officers – staffing issues have resulted in targets for risk based fire safety audits and quality assurance audits not being attained.</li> </ul>
Stores / Stock Management – 2 x priority 1 findings  Limited	<ul style="list-style-type: none"> <li>• IT Systems – various aged IT systems supported by labour intensive manual processes impacts on the accuracy of stock information, management of stock and availability of real time information.</li> <li>• Non-Stock Items - these are not included in stock checks. There is a lack of defined clarity on what items should be treated as stock, what items should be treated as non-stock and how these should be managed.</li> <li>• Personal Protective Equipment (PPE) – should be recorded in Pharos to ensure that accurate and complete reports are available for regular PPE maintenance checks.</li> </ul>
Fleet and Equipment – 1 x priority 1 findings  Limited	<ul style="list-style-type: none"> <li>• Procurement – there are a number of incidences of no competitive procurement; with individual aggregate supplier spend of over £5k. Contract spend should be in line with procurement guidance.</li> </ul>
Station Visits – no priority 1 findings  Limited	<ul style="list-style-type: none"> <li>• Communications – Improvement is needed over the management and prioritisation of communications sent to employees, to ensure that only relevant information is received. The current volume is too high.</li> <li>• Track &amp; Train Database - is not being used effectively and recording of receipt and understanding of circulars and other guidance is incomplete.</li> </ul>
Training – 2 x priority 1 findings  Limited	<ul style="list-style-type: none"> <li>• Equipment Testing Records - issues were noted in relation to the completeness of the recording of equipment and breathing apparatus testing at stations.</li> <li>• Mandatory Safety Critical Training – gaps noted in the attainment of targets</li> <li>• Management Information Systems – lack of real-time information due to continued use of manual systems in the absence of a fully functional Learning Management System (LMS).</li> </ul>

\* Priority 1 - Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

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

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

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.

The aim of each project is to improve future service delivery whilst also addressing a large number of historical audit recommendations. Significant progress has been made with 80% of the outstanding internal audit recommendations fully implemented, 18% partially implemented and 2% deemed not yet implemented or no longer applicable. The only historical recommendations moving into 2020-21 relate to longer term projects; implementation of structural reviews; and/or a requirement for IT or other capital investment.

### **External Audit and Other Reviews**

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

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

## **10 REVIEW OF EFFECTIVENESS OF THE SYSTEM OF INTERNAL GOVERNANCE**

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

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

- Board Reports;
- 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.

## **11 INTERNAL GOVERNANCE DIVERGENCES**

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

**Prior Year Issues – Ongoing**

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
2013-14	Information Governance	The revised Information Governance Controls Assurance Standard issued in July 2013 requires NIFRS to establish a baseline position using the Controls Assurance Standard as a base. It is expected that this will result in limited or no assurance.	NIFRS has not been able to access systems developed by DoH centrally to assist in information management and must therefore operate in isolation to put in place a solution. This will necessitate significant resource investment (employee and systems) over the next few years.	A Working Group has been established to address these issues identified in the Controls Assurance exercise and subsequent Internal Audits.	<p><b>Ongoing</b> – Given the risk around Information Governance, the Resources Committee agreed a revised structure which facilitates the establishment of a 4 person information unit within NIFRS. Vacant roles had been advertised and shortlisting had been completed. The COVID-19 pandemic has necessitated a postponement of the interview process.</p> <p>Notwithstanding, a Governance, Information &amp; Business Support Services Manager has been in role since January 2019 and supported by the existing Information Officer and Information &amp; Security Manager he is taking forward an agreed Information Management Action Plan. Systems established during 2018-19 are being embedded during 2019-20, and new measures are currently being established.</p> <p>Delays in accessing IT systems and appropriate training have resulted in slippage in some areas and whilst actions in these areas has commenced, embedded delivery, as required by Internal Audit to allow closure of recommendations, will not be realised until 2020/21.</p> <p><b>Timescales for Resolution &amp; Closure</b> – 31 March 2021</p>
2014-15	Asset Management	Issues with existing asset	During an Asset Management Audit 2013-14 significant control	Organisational responsibility has transferred to the Director of	<b>Ongoing</b> – NIFRS is continuing with the development of an effective

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
	(including Inventory)	management systems and processes noted.	weaknesses were noted and recommendations for improvement made.	<p>Operational Support who will be overseeing work in each of the workstreams.</p> <p>An Asset Management Working Group has been established to review the process including methods of data capture, recording protocols, checking processes, acquisitions / disposal / movements.</p>	<p>approach to the management of its assets from commissioning through to disposal.</p> <p>A full business process review has been conducted and the processes of stock and asset management are being developed into the Stock and Asset management system. The Stock and Asset Management system is due to go live in early 2020-21. The system will provide full traceability and accountability of all assets from delivery with automated systems to account for movement.</p> <p>The Stock &amp; Asset Management Procedures document is now complete and has been 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 further business case detailing asset visibility, labelling and consignment delivery will be developed once the initial system is implemented.</p> <p>The stock and asset management system will achieve implementation by March 2021.</p> <p><b>Timescales for Resolution &amp; Closure – 31 March 2021</b></p>
2014-15	Pensions	Future service provision.	In December 2014 the Pension Software was withdrawn by the	New contractual arrangements are in place via an SLA with BSO, and we	<b>Ongoing</b> – NIFRS has procured a pensions system and is working

Year	Internal Governance Issue		How Issue Arose	Remedial Action	Update and Timescales
			<p>software provider and all calculations are now being performed manually. The Pensions Manager, who was the only substantive employee within the Pensions Department, left NIFRS at the end of February 2015 and no replacement has been appointed. The lack of pension software has left NIFRS non-compliant with legislation as they are currently unable to issue Annual Benefit Statements. This issue has been notified to the Pensions Regulator.</p>	<p>are in the final stages of system implementation for administration with pension's payroll to come on-line in BSO during 2020/21.</p> <p>Internally temporary cover is being provided through 2 employee members who have focused on ongoing administration and training of BSO employee.</p>	<p>closely with the software provider &amp; BSO to finalise systems implementation. A live system will be operational from May 2020.</p> <p>NIFRS have been discharged from scrutiny by The Pension's Regulator. Annual Benefit Statements were issued manually in 2019/20 within statutory timeframes. The 2020/21 statements will be issued electronically.</p> <p>BSO employee have been trained in NIFRS Pension Administration. BSO have been providing administration support and quality assurance during 2019/20. The SLA with BSO will be expanded to include full pensions administration and payroll during 2020/21</p> <p><b>Timescales for Resolution &amp; Closure – 30 September 2020</b></p>



## 12 CONCLUSION

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

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

With this in mind and after considering the accountability framework within NIFRS, I am content that NIFRS has operated a sound system of internal governance during the period 2019-20.

Signed: Michael Graham      Accounting Officer

Date: 4 November 2020

## **2.2 REMUNERATION AND STAFF REPORT**

### **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 2020, the membership of the Remuneration Committee was as follows:

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

The Committee met on the following occasions during the year ended 31 March 2020:

- 19 December 2019; and
- 25 February 2020.

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. However, during 2019/20, the Board consisted of a Chairperson, an Interim Chief Fire & Rescue Officer and 5 non-executive Members, 3 of whom were District Councillors and the remainder Lay Members.

NIFRS is managed by CMT which as at 31 March 2020 consisted of an Interim Chief Fire & Rescue Officer, 3 Assistant Chief Fire & Rescue Officers and 2 Interim Support Directors.

#### **Remuneration and Pension Interests for the year ended 31 March 2020**

Details of the Chairperson's, non-executive Members' and CMT's remuneration and pension interests for the year ended 31 March 2020 are set out on pages 55-59.

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

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

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

NAME	2019-20				2018-19			
	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	100	-	25-30	25-30	400	-	25-30
J Barbour (to 30/09/18)	-	-	-	0-5	0-5	-	-	0-5
G Smyth	5-10	800	-	5-10	5-10	800	-	5-10
K Henning	5-10	500	-	5-10	5-10	600	-	5-10
C Enright	5-10	400	-	5-10	5-10	700	-	5-10
R Irvine	5-10	1,100	-	5-10	5-10	1,800	-	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>								
<sup>5</sup> <b>G Thompson</b> Chief Fire & Rescue Officer ( to 14/01/20)	100-105 FYE 120-125	-	(207,000)	(100-105)	120-125	-	37,000	160-165
<sup>6</sup> <b>M Graham</b> Assistant Chief Fire & Rescue Officer (Interim)	120-125	-	(17,000)	105-110	90-95	-	84,000	175-180
<sup>7</sup> <b>A Walmsley</b> Assistant Chief Fire & Rescue Officer	90-95	-	(63,000)	30-35	100-105	-	58,000	155-160
<sup>8</sup> <b>M Deeney</b> Assistant Chief Fire & Rescue Officer (temporary)	90-95	-	25,000	115-120	90-95	-	15,000	105-110
<sup>9</sup> <b>A Jennings</b> Assistant Chief Fire & Rescue Officer (temporary)	50-55 FYE 90-95	-	7,000	60-65	15-20 FYE 90-95	-	(1,000)	15-20
<sup>10</sup> <b>L Crawford</b> Assistant Chief Fire & Rescue Officer (temporary)	40-45 FYE 90-95	-	24,000	65-70	0-5 FYE 90-95	-	1,000	5-10
<sup>11</sup> <b>P White</b> Director of Finance (Interim) (from 01/06/18)	65-70	-	100,000	165-170	55-60 FYE 65-70	-	18,000	75-80
<sup>12</sup> <b>E Magee</b> Director of Human Resources (Interim) (from 01/05/19)	65-70 FYE 75-80	-	78,000	145-150	-	-	-	-
<sup>13</sup> <b>J Kelly</b> Director of Finance (to 06/08/17)	-	-	-	-	40-45	-	-	40-45
<sup>13</sup> <b>D Moore</b> Director of Human Resources (to 30/04/19)	5-10 FYE 80-85	-	5,000	10-15	140-145	400	100,000	240-245
<sup>13</sup> <b>L Cuddy</b> Director of Planning, Performance & Governance (to 22/05/17)	-	-	-	-	30-35	-	-	30-35
<sup>14</sup> <b>W Thompson</b> Director of Finance (temporary)	-	-	-	-	-	-	-	-

<b>Highest Earner's Total Remuneration (£'000)</b>	120-125	120-125
<b>Median Total Remuneration (£)</b>	31,387	31,552
<b>Ratio</b>	3.9	3.9

NAME	2019-20				
	<sup>2</sup> Accrued pension at age 60/65 as at 31/03/20 and related lump sum £'000	<sup>3</sup> Real increase in pension at age 60/65 as at 31/03/20 and related lump sum £'000	CETV at 31/03/20 £'000	CETV at 31/03/19 £'000	Real increase in CETV £'000
<b>Executive Members</b>					
<sup>5</sup> <b>G Thompson</b> Chief Fire & Rescue Officer	56	(10)	1,402	1,104	283
<sup>6</sup> <b>M Graham</b> Assistant Chief Fire & Rescue Officer – Service Support	57	-	1,316	1,317	(23)
<sup>7</sup> <b>A Walmsley</b> Assistant Chief Fire & Rescue Officer – Community Protection	59	(3)	1,451	995	439
<sup>8</sup> <b>M Deeney</b> Assistant Chief Fire & Rescue Officer – Operations (temporary)	39	2	603	558	36
<sup>9</sup> <b>A Jennings</b> Assistant Chief Fire & Rescue Officer (temporary)	36	1	554	529	19
<sup>10</sup> <b>L Crawford</b> Assistant Chief Fire & Rescue Officer (temporary)	46	1	1,120	1,075	37
<sup>11</sup> <b>P White</b> Director of Finance (interim)	20-25	5-7.5	281	202	66
<sup>12</sup> <b>E Magee</b> Director of Human Resources (interim)	19	4	251	187	55
<sup>13</sup> <b>D Moore</b> Director of Human Resources	26	-	311	308	2
<sup>14</sup> <b>W Thompson</b> Director of Finance (temporary)	-	-	-	-	-

### Notes

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

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

FYE = Full Year Equivalent Salary.

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

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

<sup>3</sup> Real increase in pension assumes a 1.7% increase for 2019/20 (2.4% for 2018/19).

- <sup>4</sup> The value of the pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase/decrease due to the transfer of pension rights.
- <sup>5</sup> Retired 14 January 2020.
- <sup>6</sup> This member is over 50 years of age with more than 25 years of service and therefore could retire and receive pension benefits immediately. The 2020 CETV has been calculated as if the member were a pensioner. Appointed as Interim CFO from 13 March 2019.
- <sup>7</sup> Interim CFO from 13 December 2018 to 12 March 2019. This member is over 50 years of age with more than 25 years of service and therefore could retire and receive pension benefits immediately. The FPS element of the 2020 CETV has been calculated as if the member were a pensioner.
- <sup>8</sup> Temporary appointment to Corporate Management Team from 27 November 2017.
- <sup>9</sup> Temporary appointment to Corporate Management Team from 7 January to 12 March 2019 and from 2 September 2019. The comparative 2018-19 CETV and accrued pension are calculated as at the date of joining CMT in the 2019-20 year, ie, as at 1 September 2019 resulting in the prior year figure being restated.
- <sup>10</sup> Temporary appointment to Corporate Management Team from 13 March 2019 to 1 September 2019. This member is over 50 years of age with more than 25 years of service and therefore could retire and receive pension benefits immediately. The 2020 CETV has been calculated as if the member were a pensioner as at the date of leaving CMT ie. as at 1 September 2019.
- <sup>11</sup> From 1 June 2018, Ms P White has been seconded from another Public Sector Body to NIFRS as Finance Director.
- <sup>12</sup> Temporary appointment to Corporate Management Team as Interim Director of Human Resources from 1 May 2019.
- <sup>13</sup> During the year ended 31 March 2019, 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.
- <sup>14</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.

## **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 2019-20 was £120,000-£125,000 (2018-19: £120,000-£125,000). This was 3.9 times the median remuneration of the workforce, which was £31,387 (2018-19: £31,522).

In 2019-20, remuneration ranged from the band £0k-£5k to £120k-£125k (2018-19: £0k-£5k to £120k-£125k).

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

### **Median Total Remuneration**

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

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

There was no change in the Highest Paid Director remuneration band between 2018-19 and 2019-20.

### **Cash Equivalent Transfer Value**

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

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

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

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



## **Value of Pension Benefits**

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

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

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 three month notice period applies. No compensation for early retirement was paid to Support Directors during the year.

### Mileage Allowances

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

## Annual Leave

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

## Sickness

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

## **Uniformed Officers**

### Pension Scheme Information

Pension benefits for the Chief Fire & Rescue Officer and Assistant Chief Fire & Rescue Officers are provided through the Firefighters' Pension Scheme and Firefighters' Pension Scheme 2015 (CARE scheme). The Firefighters' Pension Scheme is a statutory scheme which provides benefits on a 'final salary' basis. The normal retirement age is 55 but Officers may retire on full pension once they have attained 50 years of age and have 30 years' service. Benefits accrue at the rate of 1/60th of pensionable salary for each year of service up to 20 years and at 2/60ths for each year of service thereafter. The maximum attainable is 40/60ths. Members may commute up to 25% of their pension in return for a lump sum of up to 24 times the commuted amount, dependent on age. Benefits from the Firefighters' Pension Scheme 2015 (CARE scheme) are on a 'career-average' basis rather than on a 'final salary' basis. Normal retirement for this scheme is also 55 years old. Benefits accrue at the rate of 1/64.8th of actual pay earned for each scheme year. Members may commute a maximum of 25% of their pension under the CARE scheme with the commutation factor of 12 applied to the commuted portion.

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

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

### Terms and Conditions

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

## Annual Leave

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

Sickness

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

Signed: Michael Graham      Accounting Officer

Date: 4 November 2020

## 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 2019-20.

	Number of Employee
Off-Payroll Employees as at 1 April 2019	0
New engagements during the year	0
Number of engagements transferred to payroll	0
Number of engagements that have come to an end during the year	0
Other	0
Off-Payroll Employees as at 31 March 2020	0

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

Employee Costs	2020			2019
	Permanently employed employees £'000	Other £'000	Total £'000	Total £'000
Wages and Salaries	46,591	1,289	47,880	47,024
Social Security Costs	4,414		4,414	4,345
Other Pension Costs	14,673		14,673	10,516
Total Employee Costs reported in Statement of Comprehensive Net Expenditure	65,678	1,289	66,967	61,885
Employee costs exclude £102,375 charged to capital projects during the year (2019: £138,802)				

### Number of Persons Employed (Audited Information)

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

	2020			2019
	Permanently employed employees	Other	Total	Total
	No	No	No	No
Chairperson	1		1	1
Board Members	5		5	10
Firefighters (Full-time)	822		822	823
Firefighters (Part-time)	907		907	905
RCC Personnel	56		56	53
Administrative/Manual	183		183	174
Agency/Temporary		41	41	50
Total average number of persons employed	<b>1,974</b>	<b>41</b>	<b>2,015</b>	<b>2,016</b>
Less average employee number relating to capitalised employee costs	(2)		(2)	(2)
Total net average number of persons employed	<b>1,972</b>	<b>41</b>	<b>2,013</b>	<b>2,014</b>

## Senior Employees' Remuneration

Please refer to the Remuneration Report on page 54-63 of the Annual Report

## Employee Benefits

	2020 £'000	2019 £'000
Employee Benefits	-	-
	-	-

## Retirements due to Ill-Health

During 2019-20, there were 28 early retirements (2018-19: 29) 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 £1,221,329 (2018-19: £1,120,468). The costs borne by NIFRS Operating Accounts in 2019-20 in respect of these 28 ill-health retirees was £671,407 (2018-19: £584,279). Ill-health retirement costs are met by the Pension Scheme.

## NIFRS Employee Composition

As at 31 March 2020, NIFRS directly employed 1,974 people in operational and support roles.

	Total	Male	Female
Operational & Support Directors	6	4	2
Wholetime Firefighters	830	792	38
Retained (On-Call) Firefighters	882	841	41
Regional Control Centre Personnel	57	20	37
Support Employees	199	86	113
<b>Total</b>	<b>1,974</b>	<b>1,743</b>	<b>231</b>

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

## Expenditure on Consultancy

NIFRS incurred no external consultancy expenditure in 2019-20

## 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	
	2020	2019	2020	2019	2020	2019
< £10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	1	-	1
£25,001 - £50,000	-	-	-	-	-	-
£50,001 - £100,000	-	-	-	1	-	1
<b>Total number of exit packages by type</b>	-	-	-	<b>2</b>	-	<b>2</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>107</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 2019-20 the number of days/shifts lost per person was 16.6 against a target of 10. The figure in 2018-19 was 13.7 days/shifts lost. The 3 main reasons for sickness absence were—

- Musculo/skeletal (36%);
- Mental health (27%); and
- Respiratory/viral (17%)

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

## Equal Opportunities for NIFRS Employees and Applicants to NIFRS

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

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

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

- Gender;
- Age;

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

**It is our aim to:**

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

**We will:**

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

**NIFRS Employee Policies**

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

## **2.3 Accountability and Audit Report**

### **Funding**

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

### **Regularity of Expenditure**

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

### **Fees and Charges**

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**

Contingent liabilities are detailed within Note 22 of the Accounts. At the end of 2019-20 there were no contingent liabilities related to EU Exit.

### **Financial Environment**

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

### **Financial Targets**

In terms of financial targets, as illustrated in Note 25 to the Accounts, NIFRS has achieved the financial breakeven target for 2019-20. This was achieved through the establishment of a Breakeven Plan during the 2019-20 year and careful monitoring thereafter to deliver within the allocated budget.

### **Investment Strategy and Plans**

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

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

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



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

### Losses & Special Payments

Losses Statement	2019-20		2018-19
	Number of Cases	£000	£000
Total number of losses	1		3
Total value of losses		54	-

Special Payments	2019-20		2018-19
	Number of Cases	£000	£000
Total number of special payments	8		11
Total value of special payments		81	66

### Other Payments

There were no other payments made during the year.

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

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

Signed: Michael Graham      Accounting Officer

Date: 4 November 2020

## **NORTHERN IRELAND FIRE & RESCUE SERVICE FINANCIAL ACCOUNTS 2019-20**

### **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 2020 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 2020 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.

#### **Emphasis of Matter**

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

#### **Opinion on regularity**

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

#### **Basis 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.

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

I have nothing to report in respect of the following matters in relation to which the ISAs(UK) require me to report to you where:

- the Northern Ireland Fire and Rescue Service's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Northern Ireland Fire and Rescue Service have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Northern Ireland Fire and Rescue Service's ability to continue to adopt the going concern basis.

#### **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<sup>5</sup> 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 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 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*

11 November 2020

## SECTION 3 – FINANCIAL STATEMENTS

### 3.1 OPERATING ACCOUNTS

#### STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2020

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	2020 Operating £'000	2019 Operating £'000
<b>Income</b>			
Revenue from contracts with customers	4.1	154	123
Other operating income	4.2	397	340
<b>Total Operating Income</b>		<b>551</b>	<b>463</b>
<b>Expenditure</b>			
Staff costs	3	(66,967)	(61,885)
Purchase of goods and services	3	(1,977)	(1,783)
Depreciation, amortisation and impairment charges	3	(7,944)	(6,309)
Provision expense	3	(19,534)	211
Other expenditure	3	(14,115)	(11,663)
Interest on Scheme liabilities	16	(380)	(421)
<b>Total Operating Expenditure</b>		<b>(110,917)</b>	<b>(81,850)</b>
<b>Net Operating Expenditure</b>		<b>(110,366)</b>	<b>(81,387)</b>
Corporation tax	26	(3)	(3)
<b>Net Expenditure for the Year</b>		<b>(110,369)</b>	<b>(81,390)</b>
<b>Revenue Resource Limit (RRL)</b>	25.1	110,491	81,393
<b>Surplus against RRL</b>	25.3	<b>122</b>	<b>3</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	2,886	1,163
<b>Items that may be classified to Net Operating Costs</b>			
Actuarial (loss)/gain	16	(3,341)	1,905
<b>Total Comprehensive Expenditure for the year ended 31 March</b>		<b>(110,824)</b>	<b>(78,322)</b>

The Notes on pages 76-113 form part of these Accounts.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

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	2020 Operating £'000	2019 Operating £'000
<b>Non Current Assets</b>			
Property, plant and equipment	5.1/5.2	114,380	113,793
Intangible assets	6.1/6.2	4,565	2,845
<b>Total Non Current Assets</b>		<b>118,945</b>	<b>116,638</b>
<b>Current Assets</b>			
Inventories	10	1,254	1,005
Trade and other receivables	12	510	561
Other current assets	12	1,369	637
<b>Total Current Assets</b>		<b>3,133</b>	<b>2,203</b>
<b>Total Assets</b>		<b>122,078</b>	<b>118,841</b>
<b>Current Liabilities</b>			
Trade and other payables	13	(13,142)	(14,916)
Cash and cash equivalents	11	(150)	(469)
Provisions (Insurance)	15	(2,249)	(1,792)
Provisions (Compensation Scheme)	15	(3,160)	(3,230)
Provisions (Other)	15	(800)	-
<b>Total Current Liabilities</b>		<b>(19,501)</b>	<b>(20,407)</b>
<b>Total Assets less Current Liabilities</b>		<b>102,577</b>	<b>98,434</b>
<b>Non Current Liabilities</b>			
Provisions (Compensation Scheme)	15	(99,852)	(84,980)
Pension liabilities – NILGOSC	16	(22,462)	(16,567)
<b>Total Non Current Liabilities</b>		<b>(122,314)</b>	<b>(101,547)</b>
<b>Total Assets less Total Liabilities</b>		<b>(19,738)</b>	<b>(3,113)</b>
<b>Taxpayers' Equity and Other Reserves</b>			
Revaluation reserve		17,453	15,271
SoCNE reserve		(37,191)	(18,384)
		<b>(19,738)</b>	<b>(3,113)</b>

The Accounts on pages 72-113 were approved by the Board on 4 November 2020 and were signed on its behalf by:

Signed: Carmel McKinney

Chairperson

Date: 4 November 2020

Signed: Michael Graham

Accounting Officer

Date: 4 November 2020

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

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	2020 Operating £'000	2019 Operating £'000
<b>Cash Flows from Operating Activities</b>			
Net deficit after interest/net operating expenditure		(110,369)	(81,390)
Adjustments for non cash items	3	8,236	6,212
(Increase)/decrease in trade & other receivables	12	(680)	1,915
(Increase)/decrease in inventories	10	(248)	(101)
Increase/(decrease) in trade payables	13	(1,774)	2,031
Use of provisions:			
Pension provision utilised (NILGOSC)	16	5,895	(357)
Increase/(decrease) in provision (insurance)	15	457	81
Provision utilised (compensation)	15	14,802	(3,714)
Provision utilised (other)	15	800	-
Pension remeasurements	16	(3,341)	1,905
<b>Net cash outflow from Operating Activities</b>		<b><u>(86,222)</u></b>	<b><u>(73,418)</u></b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant & equipment	5.1/5.2	(5,966)	(12,331)
Purchase of intangible assets	6.1/6.2	(1,971)	(1,802)
Proceeds on disposal of assets		280	151
<b>Net cash outflow from Investing Activities</b>		<b><u>(7,657)</u></b>	<b><u>(13,982)</u></b>
<b>Cash Flows from Financing Activities</b>			
Grant-in-aid		94,198	87,326
<b>Net Financing</b>		<b><u>94,198</u></b>	<b><u>87,326</u></b>
<b>Net (decrease)/increase in Cash &amp; Cash Equivalents in the year</b>	11	<b><u>319</u></b>	<b><u>(74)</u></b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	11	<b><u>(469)</u></b>	<b><u>(395)</u></b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	11	<b><u>(150)</u></b>	<b><u>(469)</u></b>

The Notes on pages 76-113 form part of these Accounts.

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED  
31 MARCH 2020**

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

	Note	SoCNE Reserve £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 1 April 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 net 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>
<b>Changes in Taxpayers' Equity 2019-20</b>				
Grant from DoH		94,198	-	94,198
Other reserve movements including transfers		705	(705)	-
Comprehensive net expenditure for the year - Operating		(110,369)	2,886	(107,483)
Actuarial Gain on LGPS Pension	16	(3,341)	-	(3,341)
<b>Balance at 31 March 2020</b>		<b>(37,191)</b>	<b>17,453</b>	<b>(19,738)</b>

The Notes on pages 76-113 form part of these Accounts.

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2020

### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

#### 1.0 Authority

The Accounts have been prepared in a form determined by the Department of Health (DoH) based on guidance from the Department of Finance's (DoF) 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 International Reporting Standards (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 due to its share of the NILGOSC pension scheme deficit. As there is no requirement to fund this deficit in the near future and also as it is anticipated that DoH funding will continue this ensures that the preparation of our accounts as a going concern is the correct basis.

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

#### 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.

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

### Modern Equivalent Asset

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

### Assets Under Construction (AUC)

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees as allowed by IAS 23 for assets held at fair value. Assets 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. 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

Income is classified between 'Revenues from Contracts' and 'Other Operating Income' as assessed necessary in line with organisational activity, under the requirements of IFRS 15 and as applicable to the public sector. Judgement is exercised in order to determine whether the 5 essential criteria within the scope of IFRS 15 are met in order to define income as a contract.

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

Following the introduction of IFRS 15 the Income Note is split as follows:

### Note 4.1: Revenue from Contracts with Customers

Categories of Income:

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

### Note 4.2: Other Operating Income

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

Categories of Income:

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

### Grant-in-Aid

Funding received from other entities, including DoH, accounted for as grant-in-aid is excluded from the Income Note and is instead 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 as at 31 March 2020, using the discount rates issued by DoF below.

Rate	Time Period	Real Rate
Nominal	Short term (0-5 years)	0.51%
	Medium term (5-10 years)	0.55%
	Long term (10-40 years)	1.99%
	Very long term (40+ years)	1.99%
	Year 1	1.90%
Inflationary	Year 2	2.00%
	Into perpetuity	2.00%

Note that PES issued a combined nominal and inflation rate table to incorporate the 2 elements – please refer to this table as necessary, as included within issuing e-mail of Circular HSC(F) 39-2018.

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

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

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

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

### 1.18 Contingent Liabilities/Assets

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 contingent liabilities are disclosed at their present value using the discount rates issued by DoF as shown in Note 1.17 above.

## **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 2020 or 31 March 2019. 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 re-measurements due to changes in assumptions recognised in other expenditure.

- Current Service Cost is the increase in the present value of the scheme liabilities expected to arise from employee service in the current period.
- 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.
- Interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time.
- Re-measurements of the defined benefit liability comprise: experience gains and losses arising on pension liability, changes in take-up rate assumptions, changes in financial and demographic assumptions underlying the present value of the pension liabilities.

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

NIFRS also participates in the NILGOSC Scheme for the majority of its Support and Regional Control Centre staff.

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

Ireland) 2014 and the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014.

Employee contribution rates were fixed from April 2009 depending on the individual's pensionable remuneration. These contribution bands increased from 1 April 2019 and the revised bands and prior year bands are set out in the next table.

<b>FYE Pay 2019/20</b>	<b>Contribution Rate 2019/20</b>	<b>FYE Pay 2020/21</b>	<b>Contribution Rate 2020/21</b>
Up to £14,800	5.5%	Up to £14,800	5.5%
£14,801 to £22,600	5.8%	£14,801 to £22,600	5.8%
£22,601 to £37,700	6.5%	£22,601 to £37,700	6.5%
£37,701 to £45,700	6.8%	£37,701 to £45,700	6.8%
£45,701 to £90,400	8.5%	£45,701 to £90,400	8.5%
More than £90,400	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 2021/22.

<b>SCHEME</b>	<b>ERS RATE 2019/2020</b>	<b>ERS RATE 2020/2021</b>
NILGOSC	20.0%	19.5%

From 1 April 2017, NIFRS is also now required to pay an annual deficit funding contribution in addition to the pensionable pay contribution rates set out above. The annual contribution for 2019-20 was £120k (2018-19: £120k). No deficit is payable for 2020/21.

Full actuarial valuations in respect of the NILGOSC Scheme are obtained at least triennially and updated annually thereafter. The latest full valuation of this Scheme was completed as at 31 March 2019.

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

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

## **1.20 Reserves**

### Statement of Comprehensive Net Expenditure Reserve

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

### Revaluation Reserve

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

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

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

## **1.22 Third party assets**

NIFRS does not hold assets belonging to third parties.

## **1.23 Losses and Special Payments**

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

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

## **1.24 Government Grants**

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

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

## **1.25 Taxation**

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

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

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

## **1.27 Accounting Estimates**

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**

IFRS 16 *Leases* replaces IAS 17 *Leases* and is effective with EU adoption from 1 January 2019. In line with the latest advice from HM Treasury and the Financial Reporting Advisory Board, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2021. Management consideration of the impact on introduction of IFRS 16 on initial application remains under consideration and will be fully determined in 2020-21.

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

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury.

A similar review in NI, which will bring NI Departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. 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.

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

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

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

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

## NOTE 3 – EXPENDITURE

	2020 £'000	2019 £'000
*Staff costs:		
Wages and salaries	47,880	47,024
Social security costs	4,414	4,345
Other pension costs	14,673	10,516
Communications equipment	1,559	1,359
Office equipment & running costs	504	560
Medical expenses, subsistence & other	526	530
Transport	1,058	1,156
Operational equipment & maintenance costs	1,171	639
Premises	5,037	4,574
Uniforms	395	413
Contract catering, kitchen equipment & maintenance	23	11
Rentals under operating leases	400	477
Training	801	715
Fire safety publicity	22	112
Auditor remuneration	14	36
Miscellaneous expenditure	2,116	1,833
Interest on Scheme Liabilities	380	421
<b>Non Cash Items</b>		
Loss/(Profit) on disposal of assets	292	(97)
Depreciation	6,734	6,660
Amortisation	252	148
Impairments	958	(498)
Pension costs (NILGOSC)	2,174	1,127
Increase/(decrease) in provisions (provision provided for in year less any release)	17,004	(2,572)
Cost of borrowing	2,530	2,361
<b>Total</b>	<b><u>110,917</u></b>	<b><u>81,850</u></b>

\*Further detailed analysis of staff costs is included in the Staff Report on page 64 within the Accountability Report.

During the year NIFRS purchased no non audit services from its external auditors (NIAO). The cost of the audit of the Annual Accounts for the year ended 31 March 2020 was £37k adjusted for a reversing accrual of £23k.

## NOTE 4 - INCOME

### 4.1 Revenue from Contracts with Customers

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
		Restated
Provision of Fire Cover - other bodies	117	109
Fire Reports/Certificates	17	14
Sundry Income from Fees and Charges*	20	-
<b>Total</b>	<b><u>154</u></b>	<b><u>123</u></b>

### 4.2 Other Operating Income

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
		Restated
Training Courses**	6	-
Association of British Insurers	191	185
Trade Union Deduction Service	20	20
Insurance Claims	46	14
Other Income***	134	121
<b>Total</b>	<b><u>397</u></b>	<b><u>340</u></b>

\*Sundry Income from Fees and Charges is a receipt of £20k relating to Fire cover for the 148th Golf Open. There was no corresponding revenue in 2019.

\*\*Training Courses is a £6k receipt from the Princes Trust Life Programme 2020. There was no corresponding revenue in 2019.

\*\*\*Other Income includes a £50k receipt from the secondment of an employee and a £50k receipt from the disposal of stock.

The format of the Income Note has been revised following the application of IFRS 15 Revenue from Contracts with Customers. Income is now split between income arising from contracts and non-contract operating income. Prior year balances have been re-stated.

## NOTE 5 – PROPERTY, PLANT & EQUIPMENT

### 5.1 Property, Plant & Equipment – Year ended 31 March 2020

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

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

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure in respect of assets held under finance leases and hire purchase contracts is £NIL (2019: £NIL).

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

## 5.2 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	57,687	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).



## NOTE 6 – INTANGIBLE ASSETS

### 6.1 Intangible Assets - Year Ended 31 March 2020

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

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

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

## 6.2 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	<b>3,295</b>
Opening balance adjustments	165	-	-	<b>165</b>
Additions	353	-	1,449	<b>1,802</b>
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	-	<b>2,270</b>
Opening balance adjustments	(62)	61	-	<b>(1)</b>
Provided during the year	122	26	-	<b>148</b>
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.

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

### NOTE 7 - FINANCIAL INSTRUMENTS

As the cash requirements of NIFRS are met through grant-in-aid provided by DoH, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. 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 2020 or 31 March 2019.

## NOTE 8 - IMPAIRMENTS

	2020		
	Property, Plant & Equipment £'000	Intangibles £'000	Total £'000
Total value of impairments for the year	1,187	-	1,187
Impairments which Revaluation Reserve covers (shown in Other Comprehensive Expenditure)	(229)	-	(229)
<b>Impairments charged / (credited) to Statement of Comprehensive Net Expenditure</b>	<b>958</b>	<b>-</b>	<b>958</b>
	2019 Restated		
	Property, Plant & Equipment £'000	Intangibles £'000	Total £'000
Total value of impairments for the year	(498)	-	(498)
Impairments which Revaluation Reserve covers (shown in Other Comprehensive Expenditure)	-	-	-
<b>Impairments charged / (credited) to Statement of Comprehensive Net Expenditure</b>	<b>(498)</b>	<b>-</b>	<b>(498)</b>

## NOTE 9 – ASSETS CLASSIFIED AS HELD FOR SALE

At the 2019/20 year end NIFRS had no 'held for sale' assets (2018/19: £NIL).

## NOTE 10 - INVENTORIES

	2020 £'000	2019 £'000
Uniforms	670	595
Firefighting Equipment	240	162
Stationery	33	34
Transport	219	142
Fuel	67	67
Other	25	5
<b>Total</b>	<b>1,254</b>	<b>1,005</b>

## NOTE 11 - CASH AND CASH EQUIVALENTS

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	(469)	(395)
Net change in cash and cash equivalents	319	(74)
<b>Balance at 31 March</b>	<b><u>(150)</u></b>	<b><u>(469)</u></b>
<b>The following balances on 31 March were held at:</b>		
Commercial banks and cash in hand	(150)	(469)
<b>Balance at 31 March</b>	<b><u>(150)</u></b>	<b><u>(469)</u></b>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade Receivables	22	70
VAT Receivable	487	489
Other Receivables - not relating to fixed assets	1	2
<b>Trade and Other Receivables</b>	<b><u>510</u></b>	<b><u>561</u></b>
Prepayments	1,130	419
Accrued income	239	218
<b>Other Current Assets</b>	<b><u>1,369</u></b>	<b><u>637</u></b>
Carbon reduction commitment	-	-
<b>Intangible Current Assets</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Other Current Assets falling due after more than one year</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Trade and Other Receivables</b>	<b><u>510</u></b>	<b><u>561</u></b>
<b>Total Other Current Assets</b>	<b><u>1,369</u></b>	<b><u>637</u></b>
<b>Total Receivables and Other Current Assets</b>	<b><u>1,879</u></b>	<b><u>1,198</u></b>

The balances are net of a provision for bad debts of £NIL (2018/19: £NIL).

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

### 13.1 Trade Payables, Financial and Other Current Liabilities

	2020 £'000	2019 £'000
<b>Amounts falling due within one year</b>		
Other taxation and social security	844	716
Trade capital payables - property, plant and equipment	4,110	6,287
Trade revenue payables	2,972	3,585
Payroll payables	5,064	4,322
Pension Account	152	-
Deferred income	-	6
<b>Trade and other payables</b>	<b>13,142</b>	<b>14,916</b>
<b>Other Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Intangible current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total Payables falling due within 1 year</b>	<b>13,142</b>	<b>14,916</b>
<b>Amounts falling due after more than 1 year</b>	<b>-</b>	<b>-</b>
<b>Total Non Current Other Payables</b>	<b>-</b>	<b>-</b>
<b>Total Trade Payables and Other Current Liabilities</b>	<b>13,142</b>	<b>14,916</b>

### 13.2 Loans

NIFRS did not have any loans payable at 31 March 2020 or 31 March 2019.

## 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>2020 Number</b>	<b>2020 Value £'000</b>	<b>2019 Number</b>	<b>2019 Value £'000</b>
Total bills paid	<u>9,763</u>	<u>32,566</u>	<u>9,561</u>	<u>29,791</u>
Total bills paid within 30 day target or under agreed payment terms	<u>8,351</u>	<u>29,084</u>	<u>6,987</u>	<u>25,440</u>
% of bills paid within 30 day target or under agreed payment terms	<u>85.5%</u>	<u>89.3%</u>	<u>73.1%</u>	<u>85.4%</u>
Total bills paid within 30 days of receipt of an undisputed invoice	<u>8,477</u>	<u>30,400</u>	<u>7,011</u>	<u>25,628</u>
% of bills paid within 30 days of receipt of an undisputed invoice	<u>86.8%</u>	<u>93.3%</u>	<u>73.3%</u>	<u>86.0%</u>
Total bills paid within 10 days of receipt of an undisputed invoice	<u>7,180</u>	<u>24,067</u>	<u>4,243</u>	<u>20,408</u>
% of bills paid within 10 days of receipt of an undisputed invoice	<u>73.5%</u>	<u>73.9%</u>	<u>44.4%</u>	<u>68.5%</u>

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

The amount included within interest payable arising from claims made by businesses under this legislation is £NIL (2018/19: £312.91).

## NOTE 15 – PROVISIONS FOR LIABILITIES AND CHARGES - 2020

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

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

### Comprehensive Net Expenditure Account Charges

	2020 £'000
Arising during the year	2,100
Reversed/unused	14,903
Cost of borrowing (Unwinding of discount)	2,530
<b>Total charge within operating charges</b>	<b>19,534</b>

### Analysis of Expected Timing of Cash Flows

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

## Insurance Provision

NIFRS operates a policy of limited self-insurance and has detailed above a provision of £2,249k (2019: £1,792k) in respect of Public Liability, Employer Liability, Vehicle Liability and Breach of Employment Law claims which were unsettled at 31 March 2020. The provision is calculated based on estimates provided by NIFRS.

An Insurance Officer liaises with relevant third parties, with the exception of employment claims where Belfast City Council provides the information directly to the Finance Department. The provision is calculated using DoF's discount rate applied during the year as outlined in Note 1.17.

## Firefighters' Compensation Scheme

The Compensation Scheme makes provision for the payment of pensions, allowances and gratuities to and in respect of persons who die or are permanently disabled as the result of an injury sustained or disease contracted while employed by NIFRS. GAD performed a valuation as at 31 March 2020 leading to the provision of £103,012k (2018/19: £88,210k) as shown above.

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

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	%	%	%
Discount rate	1.80	2.90	2.55
Price inflation (CPI)	2.35	2.60	2.45
Rate of increase in pensionable salaries	4.10	4.10	3.95
Rate of increase in pensions	2.35	2.60	2.45

## Other

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



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

	Insurance £'000	Firefighters' Compensation Scheme £'000	2019 £'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>

\*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.

### Comprehensive Net Expenditure Account Charges

	2019 £'000
Arising during the year	1,264
Reversed/unused	(3,836)
Cost of borrowing (Unwinding of discount)	2,361
<b>Total charge within operating charges</b>	<b>(211)</b>

### Analysis of Expected Timing of Cash Flows

	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>

## 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:

	2020	2019	2018
	%	%	%
Discount rate	2.3	2.4	2.6
Price inflation (CPI)	2.0	2.2	2.1
Rate of increase in pensionable salaries	3.5	3.7	3.6
Pension accounts revaluation rate	2.0	2.2	2.1
Pension increases	2.0	2.2	2.1

The future life expectancies at age 65 are summarised below:

	2020		2019	
	Males	Females	Males	Females
65 year old current pensioner	21.8 years	25.0 years	22.6 years	24.9 years
45 year old future pensioner at age 65	23.2 years	26.4 years	24.3 years	26.7 years

	Asset Allocation 31 March 2020	Assets at 31 March 2020	Asset Allocation 31 March 2019	Assets at 31 March 2019
	per annum	£'000	per annum	£'000
Equities	42.6%	29,992	59.5%	45,853
Bonds	38.7%	27,246	23.5%	18,110
Cash/Other	5.3%	3,731	2.8%	2,158
Unquoted	13.4%	9,434	14.2%	10,943
Fair value of scheme assets		70,403		77,064
Present value of funded obligations		(92,865)		(93,631)
<b>Net liability</b>		<b>(22,462)</b>		<b>(16,567)</b>

### McCloud Judgment - Impact on NILGOSC Pension Liability

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

## **Cost Cap Pause**

Scheme regulations incorporate provision for a cost control mechanism. In January 2019, the government announced a pause to the cost control mechanism in public service pension schemes, due to uncertainty about benefit entitlements arising from the 'McCloud' judgement on age discrimination in public service pension schemes.

In March 2019, DoF made the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (NI) 2019 which gave effect to this pause for devolved NI schemes by removing the requirement for scheme actuaries to report on issues connected with the cost cap cost of the schemes.

In July 2020 the government announced it will commence the process for new valuation directions to re-establish the cost cap for GB public service schemes. Comparable directions for devolved schemes are subject to statutory consultation, which will now be progressed by DoF.

## **McCloud Judgement**

In December 2018, the Court of Appeal ruled that transitional protection provisions contained in reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful.

In June 2019, the Supreme Court refused permission for any further appeal of that ruling and the judicial and firefighter cases in question were remitted to the Employment Tribunal to determine a remedy to members who suffered discrimination.

In July 2019, the Westminster Government confirmed that, as transitional protection was offered to members of all the main public service pension schemes, the government intends to address the difference in treatment across all schemes.

The reformed public service schemes in Northern Ireland, including the Local Government Pension Scheme (NI), incorporate similar age-based transitional protections. The Department of Finance is currently consulting on proposals to I) remove discrimination in unfunded public service schemes made under the Public Service Pensions Act (Northern Ireland) 2014 for the future; and, II) remedy the effect of any discrimination scheme members may have incurred since April 2015. The DoF consultation launched in August 2020. Separate consultation arrangements will apply for the scheme for Local Government workers due to the particular features of how the previous reforms were introduced. These proposals have been developed at the Collective Consultation Working Group, which is the recognised forum for consultation on pension policy for devolved schemes and where both public service employers and employees are represented.

Any subsequent changes to the Local Government Pension Scheme (NI) will be subject to further scheme level consultation.

A potential McCloud liability was not recognised last year however Aon, the scheme's actuaries, have allowed for the impact of the McCloud judgement in the current year figures for members in service on 1 April 2012 who were still accruing benefits on 1 April 2015.

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>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Current Service Cost	2,826	2,208
Past Service Cost	710	119
Employers contributions	(1,475)	(1,459)
Movement*	113	259
	<u>(1,362)</u>	<u>(1,200)</u>
<b>Total Operating Charge</b>	<b><u>2,174</u></b>	<b><u>1,127</u></b>

## Amount Charged to Interest

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interest income on assets	(1,846)	(1,863)
Interest expense on defined benefit obligation	2,226	2,284
<b>Net Interest Charge</b>	<b><u>380</u></b>	<b><u>421</u></b>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Return on plan assets in excess of that recognised in net interest	<u>8,144</u>	<u>(3,310)</u>
Actuarial losses/(gains) due to liability experience	521	90
Actuarial losses due to changes in financial assumptions	(1,960)	5,327
Actuarial (gain) due to changes in demographic assumptions	(3,251)	(3,753)
Movement*	(113)	(259)
	<u>(4,803)</u>	<u>1,405</u>
<b>Actuarial loss/(gain)</b>	<b><u>3,341</u></b>	<b><u>(1,905)</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.

## Change in Pension Assets

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of assets	77,064	71,385
Interest income on assets	1,846	1,863
Contributions by participants	435	421
Contributions by employer	1,475	1,459
Re-measurement (losses)/gains on assets	(8,144)	3,310
Net benefits paid out	(2,273)	(1,374)
<b>Closing Fair Value of Assets</b>	<b><u>70,403</u></b>	<b><u>77,064</u></b>

## Change in Benefit Obligations

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Opening Defined Benefit Obligation	93,631	88,309
Current service cost	2,826	2,208
Past service cost	710	119
Interest expense on defined benefit obligation	2,226	2,284
Contributions by participants	435	421
<i>Re-measurements:</i>		
Actuarial loss due to liability experience	521	90
Actuarial loss/(gain) due to changes in financial assumptions	(1,960)	5,327
Actuarial gain due to changes in demographic assumptions	(3,251)	(3,753)
	<u>(4,690)</u>	<u>1,664</u>
Net benefits paid out	(2,273)	(1,374)
<b>Closing Defined Benefit Obligation</b>	<b><u>92,865</u></b>	<b><u>93,631</u></b>

## Amounts for the Current and Previous Accounting Periods

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of assets	70,403	77,064	71,385	67,601	57,702
Present value of defined benefit obligation	(92,865)	(93,631)	(88,309)	(83,156)	(66,215)
<b>Net Deficit</b>	<b>(22,462)</b>	<b>(16,567)</b>	<b>(16,924)</b>	<b>(15,555)</b>	<b>(8,513)</b>
Experience (losses)/gains on assets	(8,144)	3,310	1,714	7,373	(200)
Experience (losses)/gains on liabilities	(521)	(90)	(282)	1,902	417
	<b>(8,665)</b>	<b>3,220</b>	<b>1,432</b>	<b>9,275</b>	<b>217</b>
Re-measurement (losses)/gains on assets	(8,144)	3,310	1,714	7,373	(200)
Re-measurement (losses)/gains on obligation	4,690	(1,664)	(1,858)	(13,799)	4,597
<b>Re-measurement (losses)/gains recognised in other comprehensive expenditure (before adjustment for movement)</b>	<b>(3,454)</b>	<b>1,646</b>	<b>(144)</b>	<b>(6,426)</b>	<b>4,397</b>

The projected pension expenses for the year to 31 March 2021 to be charged to the Statement of Comprehensive Net Expenditure in 2021, is shown in the table below.

	<b>31 March 2021</b>
	<b>£'000</b>
Current service cost	2,706
Net interest on net defined benefit liability	501
<b>Projected Pension Expense</b>	<b><u>3,207</u></b>

## Sensitivity Analysis

The calculation of the pension liability is sensitive to the assumptions set out above. The following table summarises the impact on the pension liability at 31 March 2020 of changes in key assumptions:

	<b>Approximate % increase/(decrease) in liability</b>	<b>Approximate monetary increase/ (decrease) in liability £'000</b>
0.1% decrease in Discount Rate	2.0	1,910
1 year increase in Member Life Expectancy	(3.2)	(3,071)
0.1% decrease in the Salary Increase Rate	(0.4)	(379)
0.1% decrease in the Pension Increase Rate	(1.7)	(1,634)

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 2020 not otherwise included in these Annual Accounts are as follows:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Property, plant and equipment	4,522	6,739
<b>Total</b>	<b><u>4,522</u></b>	<b><u>6,739</u></b>

## NOTE 18 - COMMITMENTS UNDER LEASES

### 18.1 Finance Leases

This note is not applicable to NIFRS.

### 18.2 Operating Leases

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>Land</b>		
Not later than 1 year	360	382
Later than 1 year and not later than 5 years	1,440	1,527
Later than 5 years	17,190	18,612
	<u><b>18,990</b></u>	<u><b>20,521</b></u>
<b>Buildings</b>		
Not later than 1 year	61	23
Later than 1 year and not later than 5 years	35	54
Later than 5 years	-	-
	<u><b>96</b></u>	<u><b>77</b></u>
<b>Other</b>		
Not later than 1 year	43	-
Later than 1 year and not later than 5 years	162	-
Later than 5 years	-	-
	<u><b>205</b></u>	<u><b>-</b></u>

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Sublease payments	38	34
	<u><b>38</b></u>	<u><b>34</b></u>
Lease payments recognised as an expense in the period	1,215	1,217
	<u><b>1,215</b></u>	<u><b>1,217</b></u>

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:	2020 £'000	2019 £'000
<b>Land &amp; Buildings</b>		
Not later than 1 year	15	15
Later than 1 year and not later than 5 years	20	30
Later than 5 years	-	-
	<u>35</u>	<u>45</u>
<b>Other</b>		
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>-</u>

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

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

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 2019/20 analysed by the period during which the commitment expires are as follows:

	2020 £'000	2019 £'000
Expires within 1 year	759	153
Expiry after 1 year but not more than 5 years	-	-
Expiry thereafter	-	-
	<u>759</u>	<u>153</u>

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

NIFRS did not have any financial instruments at 31 March 2020 or 31 March 2019.

## 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.

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Limited Self Insurance:</b>		
Public Liability	-	-
Employer Liability	341	213
Vehicle Liability	23	17
Employment Liability	-	-
	<u><b>364</b></u>	<u><b>230</b></u>

### Self-Insurance

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

The Department of Justice has power to set the personal injury discount rate for Northern Ireland in consultation with the Government Actuary and the Department of Finance. The rate is currently 2.5%, however, the Department has consulted the statutory consultees on a proposed change to the rate to -1.75%. Once their responses are received, the Minister will consider these and make a final decision. As a final decision on this consultation remains outstanding at this time significant uncertainty remains around the timing and the financial effect therefore it is not currently possible to quantify the potential impact on NIFRS of any change in discount rate.

In Northern Ireland the discount rate currently has to be set in accordance with legal principles set out by the House of Lords in *Wells v Wells*. However, the Department also proposes to take forward a consultation on changing how the rate is set. Both England and Wales and Scotland have already made primary legislation which changed how their discount rates are set and have reviewed their rates under these new legislative frameworks.

### GMP Indexation and Equalisation

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

Reforms to the State Pension system on 6 April 2016 removed the facility by which central government paid top-up payments to members with GMP who reached State Pension Age (SPA) after that date. Before 6 April 2016 the LGPS (NI) was not required to pay full CPI increases on GMPs so the top up payments had ensured that both state and scheme pensions, when combined, kept pace with inflation. In March 2016 the government introduced an 'interim solution' which made the LGPS (NI) responsible for paying the full inflationary increases on GMPs for individuals reaching SPA between 6 April 2016 and 5 December 2018. This cost was included in the 2016 valuation of the Fund and was therefore accounted for in 2017. In January 2018 the Government extended the interim solution to individuals reaching SPA on or before 5 April 2021 ('second' interim solution), passing further cost to the LGPS (NI). This additional liability was not

accounted for in accounting periods up to 31 March 2019 under advice from Aon, the scheme actuary. However the approach has been changed in 2020 to include a value on our Balance Sheet of the Government's second interim solution together with a further potential liability relating to indexation for all members whose State Pension Age is after April 2021.

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

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

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

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

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. Due to delays in relation to the Covid-19 situation, it is expected that this will not be heard until 2021 but could result in a decision which either reduces the period of liability or confirms the full period back to 1998.

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

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

NIFRS has accrued in the accounts for the 2018-19 and 2019-20 holiday pay liability. A possible further obligation exists but due to the very significant elements of uncertainty listed above, a reliable estimate cannot be provided at this time. However, based on current information the current additional liability not included within the accounts could be around £1.2m.

## 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>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
DoH (excludes non cash)	80,219	73,693
Transfer to Pension Scheme Accounts	(54)	-
Non cash RRL (from the DoH)	<u>30,326</u>	<u>7,700</u>
<b>Total Revenue Resource Limit to Statement of Comprehensive Net Expenditure</b>	<b><u>110,491</u></b>	<b><u>81,393</u></b>

### 25.2 Capital Resource Limit

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Gross Capital Expenditure	7,937	14,132
NBV of fixed asset disposals	<u>(573)</u>	<u>(54)</u>
Net capital expenditure	7,364	14,078
Capital Resource Limit	<u>(7,364)</u>	<u>(14,085)</u>
<b>Overspend/ (Underspend) against CRL</b>	<b><u>-</u></b>	<b><u>(7)</u></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>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Net Expenditure	(110,369)	(81,390)
RRL	<u>110,491</u>	<u>81,393</u>
Surplus against RRL	122	3
Break Even Cumulative position (opening)	<u>267</u>	<u>264</u>
Break Even Cumulative position (closing)	<u><b>389</b></u>	<u><b>267</b></u>

#### Materiality Test:

	<b>2020</b> <b>%</b>	<b>2019</b> <b>%</b>
Break Even in year position as % of RRL	<u><b>0.11</b></u>	<u><b>0.00</b></u>
Break Even cumulative position as % of RRL	<u><b>0.35</b></u>	<u><b>0.33</b></u>

#### NOTE 26 – CORPORATION TAX

	<b>2020</b>	<b>2019</b>
Corporation Tax	<u>3</u>	<u>3</u>
	<u><b>3</b></u>	<u><b>3</b></u>

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

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

#### Date Authorised for Issue

The Accounting Officer authorised these Financial Statements for issue on 11 November 2020.

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

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

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

I certify that I have audited the financial statements of the Northern Ireland Fire and Rescue Service for the year ended 31 March 2020 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.

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 2020 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.

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

I have nothing to report in respect of the following matters in relation to which the ISAs(UK) require me to report to you where:

- the Northern Ireland Fire and Rescue Service's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Northern Ireland Fire and Rescue Service have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Northern Ireland Fire and Rescue Service's ability to continue to adopt the going concern basis.

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

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

As explained more fully in the Statement of Accounting Officer 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*

11 November 2020

# **NORTHERN IRELAND FIRE & RESCUE SERVICE PENSION ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

## **REPORT OF THE MANAGERS**

### **INTRODUCTION**

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

As at 31 March 2020 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 (CARE).

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

The Schemes are all final salary Schemes with the exception of The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE) which is a career average scheme. The Schemes are wholly unfunded. The IAS 19 pension liability in respect of the Firefighters' Pension Schemes is calculated annually by the Government Actuary's Department (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 2020 is based on membership data at 31 March 2016, rolled forward with reference to cashflow and financial assumptions at 31 March 2020 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.

Re-measurements 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 2019-20 have been prepared in a form determined by the DoH based on guidance from the Department of Finance's (DoF) Government Financial Reporting Manual and in accordance with the requirements of Article 3 (15) of The Fire and Rescue Services (Northern Ireland) Order 2006.

Northern Ireland Fire & Rescue Service (NIFRS) is an executive non-departmental public body of the Department of Health (DoH). As such, NIFRS complies with the corporate governance and accountability framework arrangements (including Managing Public Money Northern Ireland) issued by DoF.

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

### Managers:

#### Pension Scheme Manager

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

#### Pension Scheme Administrator

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

### Advisors:

#### Accounting Officer & Pension Scheme Practitioner

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

#### Pension Scheme Actuary

Government Actuary's Dept  
Finlaison House  
15-17 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 2019.

This has led to members in The Firefighters' Pension Scheme (Northern Ireland) 2007 paying between 11% and 17%, members in The New Firefighters' Pension Scheme (Northern Ireland) 2007 paying between 8.5% and 17.0% and members in The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE) paying between 11% and 13.5%.

With the introduction of the new Career Average Revalued Earnings (CARE) Scheme the final salary Pension Schemes have closed for new entrants from 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 2019	1,626
Movements in year	<u>47</u>
At 31 March 2020	<b>1,673</b>

### Deferred Members

At 1 April 2019	253
Movements in year	<u>46</u>
At 31 March 2020	<b>299</b>

### Pensions in Payment

At 1 April 2019	1,298
Movements in year	<u>78</u>
At 31 March 2020	<b>1,376</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 at 31 March 2020 (which includes liabilities belonging to the 3 NIFRS Pension Schemes namely: The Firefighters' Pension Scheme (Northern Ireland) 2007, The New Firefighters' Pension Scheme (Northern Ireland) 2007 and The Firefighters' Pension Scheme (Northern Ireland) 2015 [CARE]) shows net liabilities of £1,009,140k (31 March 2019: £873,640k). This reflects the inclusion of liabilities due in future years, to the extent that they are

not to be met from NIFRS' other sources of income, and may only be met by future grant or grant-in-aid from NIFRS' sponsoring Department (DoH). This is because the pension fund operates on a pay-as-you-go basis and the shortfall is met through the annual funding regime from the Department.

As illustrated in our Statement of Financial Position, 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 is in place. Under the agreement BSO will provide administrative services only, while NIFRS will retain responsibility for Scheme Management. NIFRS will also retain responsibility for the production and maintenance of the Scheme Annual Accounts, however, BSO will provide input data required for the actuarial valuation.

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

There were no events after the Reporting Period.

### **Audit Services**

The Financial Statements for 2019-20 are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) who heads the Northern Ireland Audit Office (NIAO) and is appointed by statute and reports to the Northern Ireland Assembly. His Certificate is on pages 114-115.

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 £14k, (2018-19: £14k). These costs are borne by NIFRS Main Accounts and are excluded from these Statements.

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

### **Further Information**

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

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

## REPORT OF THE ACTUARY

### A. Liabilities

The capitalised value as at 31 March 2020 of expected future benefit payments under the NIFRS Pension Schemes, for benefits accrued in respect of employment (or former employment) prior to 31 March 2020, 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 (NI) 2007 £'000</b>	<b>New Firefighters' Pension Scheme (NI) 2007 £'000</b>	<b>Firefighters' Pension Scheme (NI) 2015 (CARE) £'000</b>
Actives (past service)	366,180	55,030	96,260
Deferred Pensioners	6,150	3,250	10
Current Pensioners (excluding injury)	405,880	2,350	-
Retained Settlement	-	74,030	-
	<b>778,210</b>	<b>134,660</b>	<b>96,270</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 2020 is based on a standard contribution rate as determined at the start of the year.

	<b>% of Pensionable Pay</b>		
	<b>Firefighters' Pension Scheme (NI) 2007</b>	<b>New Firefighters' Pension Scheme (NI) 2007</b>	<b>Firefighters' Pension Scheme (NI) 2015 (CARE)</b>
Current Service Cost	79.40%	51.40%	83.90%

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 2019-20 was £36.0m (2018-19: £36.0m) derived from contributions payable by employers over the year. In relation to the pensionable payroll for the financial year, the Current Service Costs are as follows:

	<b>Firefighters' Pension Scheme (NI) 2007 £million</b>	<b>New Firefighters' Pension Scheme (NI) 2007 £million</b>	<b>Firefighters' Pension Scheme (NI) 2015 (CARE) £million</b>
Current Service Cost	5.24	1.52	21.42
Past Service Cost	3.0	-3.92	-

The past service cost is in respect of the McCloud/Sargeant judgement and the GMP Equalisation. Further detail is given in Notes 15.2 and 15.3.

## 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 2019-20 Pension Accounts.

The cost of benefits accruing in the period 1 April 2019 to 31 March 2020 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	1.80%
A rate of CPI	2.35%
A rate of increase in pensions	2.35%
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 2020 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	(8.5)	(66.0)
Long term rate of increase in salaries 0.5% a year	-	1.0
Rate of increase in pensions / deferred revaluation 0.5% a year	7.0	56.0
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	3.5	26.0

## 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)	(18.0)
Long term rate of increase in salaries 0.5% a year	7.5	5.0
Rate of increase in pensions / deferred revaluation 0.5% a year	9.5	12.0
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	3.0	4.0

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

Change in assumption*	Impact on DBO	
	%	£ Million
Rate of discounting scheme liabilities 0.5% a year	(16.5)	(16.0)
Long term rate of increase in salaries 0.5% a year	7.0	7.0
Rate of increase in pensions / deferred revaluation 0.5% a year	10.0	10.0
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	3.0	3.0

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

## F. Notes

The Report of the Actuary has been compiled by GAD on 21 August 2020. 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 2020**

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Income</b>			
Contributions receivable	3	18,606	14,943
Transfers in	4	747	868
<b>Combined income</b>		<u>19,353</u>	<u>15,811</u>
<b>Expenditure</b>			
Pension Cost – Current Service Costs/Past Service Costs	6	(27,260)	(58,800)
Transfers in	8	(747)	(868)
Interest on Scheme Liabilities	9	(25,420)	(21,790)
Other Expenditure	10	(54)	-
<b>Gross expenditure</b>		<u>(53,481)</u>	<u>(81,458)</u>
<b>Combined Net Expenditure</b>		<u><u>(34,128)</u></u>	<u><u>(65,647)</u></u>
<b>Other Comprehensive Net Income (Expenditure)</b>			
Recognised gains and losses for the financial year:		<b>£'000</b>	<b>£'000</b>
Actuarial (loss)/gain	15.7	(108,025)	39,238
<b>Total Comprehensive Expenditure for the year ended 31 March</b>		<u><u>(142,153)</u></u>	<u><u>(26,409)</u></u>

The Notes on pages 127-145 form part of these Accounts.

## COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 £'000	2019 £'000
<b>Current Assets</b>			
Receivables	11	4,672	3,826
Cash and cash equivalents	12	140	156
<b>Total Current Assets</b>		<b>4,812</b>	<b>3,982</b>
<b>Current Liabilities</b>			
Provisions (Revised Commutation Factors)	14	(8)	(8)
<b>Total Current Liabilities</b>		<b>(8)</b>	<b>(8)</b>
<b>Net Current Assets, excluding Pension Liabilities</b>		<b>4,804</b>	<b>3,974</b>
<b>Pension Liabilities:</b>			
Firefighters' Pension Scheme (NI) 2007	15.2	(778,210)	(714,180)
New Firefighters' Pension Scheme (NI) 2007	15.3	(134,660)	(110,490)
Firefighters' Pension Scheme (NI) 2015 (CARE)	15.4	(96,270)	(48,970)
<b>Total Pension Liabilities</b>		<b>(1,009,140)</b>	<b>(873,640)</b>
<b>Net Liabilities, including Pension Liabilities</b>		<b>(1,004,336)</b>	<b>(869,666)</b>
<b>Taxpayers' Equity:</b>			
General Fund		(1,004,336)	(869,666)
		<b>(1,004,336)</b>	<b>(869,666)</b>

The Accounts on pages 123-145 were approved by the Board on 4 November 2020 and were signed on its behalf by:

Signed: Carmel McKinney                      Chairperson                      Date: 4 November 2020

Signed: Michael Graham                      Accounting Officer                      Date: 4 November 2020



## COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'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		(34,128)	(65,647)
(Increase) in receivables	11	(846)	(784)
<b>Increase in Pension Provision – Firefighters’ Pension Scheme</b>			
Firefighters’ Pension Scheme (NI) 2007	15.2	64,030	7,190
New Firefighters’ Pension Scheme (NI) 2007	15.3	24,170	1,080
Firefighters’ Pension Scheme (NI) 2015 (CARE)	15.4	47,300	12,280
<b>Pension Re-measurements</b>			
Firefighters’ Pension Scheme (NI) 2007	15.2	(59,579)	28,477
New Firefighters’ Pension Scheme (NI) 2007	15.3	(24,226)	7,548
Firefighters’ Pension Scheme (NI) 2015 (CARE)	15.4	(24,220)	3,213
<b>Net Cash Outflow from Operating Activities</b>		<b>(7,499)</b>	<b>(6,643)</b>
<b>Cash Flows from Financing Activities</b>			
Grant in aid		7,483	6,780
<b>Net Financing</b>		<b>7,483</b>	<b>6,780</b>
<b>Net (decrease)/increase in Cash &amp; Cash Equivalents in the year</b>	12	<b>(16)</b>	<b>137</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	12	<b>156</b>	<b>19</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	12	<b>140</b>	<b>156</b>

The Notes on pages 127-145 form part of these Accounts.

**COMBINED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED  
31 MARCH 2020**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(869,666)</b>	<b>(850,037)</b>
Grant from Parent Department	7,483	6,780
Comprehensive Net Expenditure for the year	(34,128)	(65,647)
Actuarial gain/(loss)	(108,025)	39,238
<b>Net change in Taxpayers' Equity</b>	<b>(134,670)</b>	<b>(19,629)</b>
<b>Balance at 31 March</b>	<b>(1,004,336)</b>	<b>(869,666)</b>

The Notes on pages 127-145 form part of these Accounts.

## **RELATED NOTES**

### **NOTE 1 - BASIS OF PREPARATION OF THE PENSION ACCOUNTS**

NIFRS Firefighters' Pension Accounts have been prepared in a form determined by DoH based on guidance from DoF's Government Financial Reporting Manual (FReM) and in accordance with the requirements of Article 3 (15) of The Fire and Rescue Services (Northern Ireland) Order 2006. The accounting policies contained in FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector. IAS 19 Employee Benefits and IAS 26 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 (Northern Ireland) 2007; The New Firefighters' Pension Scheme (Northern Ireland) 2007 and The Firefighters' Pension Scheme (Northern Ireland) 2015 CARE. The Statement of Financial Position shows the deficits on each Scheme; the Statement of Comprehensive Net Expenditure shows the total movements in each Scheme liability analysed between the pension cost, enhancements and transfers in, and the interest on the Scheme liability. The actuarial position of each Pension Scheme is dealt with in the Report of the Actuary, and the Pension Accounts should be read in conjunction with that report.

### **NOTE 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 2020 shows a liability of £1,009,140k. 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 2019-20.

#### **2.2 Contributions Receivable**

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

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

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

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

### **2.3 Early Retirement**

Contributions received from the employer in relation to the early retirement of NIFRS personnel on ill health grounds were £1,253k, (2018-19: £1,112k) see Note 3.

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

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

### **2.5 Other Income**

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

### **2.6 Current Service Costs**

The current service cost is the increase in the present value of the 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 79.4% of pensionable pay in The Firefighters' Pension Scheme (Northern Ireland) 2007, 51.4% of pensionable pay in The New Firefighters' Pension Scheme (Northern Ireland) 2007 and 83.9% of pensionable pay in The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE), as determined at the start of 2019-20.

### **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 2019-20.

### **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 2020 of 2.90%.

## **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 2.90% real (i.e. 2.60% 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 2020.

The demographic assumptions used to prepare the pension disclosures as at 31 March 2020 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 repayment plan.

## **2.21 Accounting Standards, Interpretations and Amendments to published Standards adopted during the year ended 31 March 2020**

NIFRS has reviewed the accounting standards, interpretations and amendments to published standards that became effective during 2019-20 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 2019-20 and concludes that these do not impact the 2019-20 NIFRS Pension Accounts.

## **2.23 Pension Contribution Rates**

### Retirement Benefit Costs

The Firefighter Pension Schemes are all final salary Schemes with the exception of The Firefighters' Pension Scheme (Northern Ireland) 2015 (CARE) which is a career average scheme. The Schemes are wholly unfunded. The IAS 19 pension liability in respect of the Firefighters' Pension Schemes is calculated annually by GAD using the projected unit credit method and applying a discount rate 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:

<b>SCHEME</b>	<b>ERS RATE 2019/2020</b>	<b>ERS RATE 2020/2021</b>
The Firefighters' Pension Scheme (NI) 2007	39.6%	39.6%
The New Firefighters' Pension Scheme (NI) 2007	23.6%	23.6%
The New Firefighters' Pension Scheme (Amendment) 2015	39.6%	39.6%
The Firefighters' Pension Scheme (NI) 2015 (CARE)	31.1%	31.1%

<b>The Firefighters' Pension Scheme (NI) 2007</b>			
<b>Salary Band 2019-2020</b>	<b>EES RATE 2019/2020</b>	<b>Salary Band 2020-2021</b>	<b>EES RATE 2020/2021</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 2019-2020</b>	<b>EES RATE 2019/2020</b>	<b>Salary Band 2020-2021</b>	<b>EES RATE 2020/2021</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 2019-2020</b>	<b>EES RATE 2019/2020</b>	<b>Salary Band 2020-2021</b>	<b>EES RATE 2020/2021</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 2019-2020</b>	<b>EES RATE 2019/2020</b>	<b>Salary Band 2020-2021</b>	<b>EES RATE 2020/2021</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 incl ill health 2019/2020</b>	<b>ERS RATE incl ill health 2020/2021</b>
The Firefighters' Pension Scheme (NI) 2007	45.6%	45.6%
The New Firefighters' Pension Scheme (NI) 2007	31.5%	31.5%
The New Firefighters' Pension Scheme (Amendment) 2015	45.6%	45.6%
The Firefighters' Pension Scheme (NI) 2015 (CARE)	N/A	N/A

### **NOTE 3 – CONTRIBUTIONS RECEIVABLE**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Employer	12,038	8,189
Employer contributions – ill health retirements	1,253	1,112
Employee	5,315	5,642
	<b><u>18,606</u></b>	<b><u>14,943</u></b>

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

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
New Firefighters' Pension Scheme (NI) 2007	15.3	522	734
Firefighters' Pension Scheme (NI) 2015 (CARE)	15.4	225	134
		<b><u>747</u></b>	<b><u>868</u></b>

### **NOTE 5 - OTHER PENSION INCOME**

This Note is not applicable to NIFRS.



## NOTE 6 - PENSION COST

<b>Current Service Cost</b>	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Firefighters' Pension Scheme (NI) 2007	15.2	5,240	7,460
New Firefighters' Pension Scheme (NI) 2007	15.3	1,520	1,990
Firefighters' Pension Scheme (NI) 2015 (CARE)	15.4	<u>21,420</u>	<u>14,380</u>
		<b><u>28,180</u></b>	<b><u>23,830</u></b>
<b>Past Service Cost</b>	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Firefighters' Pension Scheme (NI) 2007	15.2	3,000	30,280
New Firefighters' Pension Scheme (NI) 2007	15.3	<u>(3,920)</u>	<u>4,690</u>
		<b><u>(920)</u></b>	<b><u>34,970</u></b>
Total current and past service costs		<b><u>27,260</u></b>	<b><u>58,800</u></b>

## NOTE 7 - ENHANCEMENTS

This Note is not applicable to NIFRS.

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

<b>Individual transfers in from other Schemes</b>	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
New Firefighters' Pension Scheme (NI) 2007	15.3	522	734
Firefighters' Pension Scheme (NI) 2015 (CARE)	15.4	<u>225</u>	<u>134</u>
		<b><u>747</u></b>	<b><u>868</u></b>

## NOTE 9 - PENSION FINANCING COST

<b>Net Interest on Defined Liability</b>	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Firefighters' Pension Scheme (NI) 2007	15.2	20,480	17,870
New Firefighters' Pension Scheme (NI) 2007	15.3	3,210	2,800
Firefighters' Pension Scheme (NI) 2015 (CARE)	15.4	<u>1,730</u>	<u>1,120</u>
		<b><u>25,420</u></b>	<b><u>21,790</u></b>

## NOTE 10 - OTHER PENSION EXPENDITURE

	2020 £'000	2019 £'000
GMP overpayment write-off	54	-
	<u>54</u>	<u>-</u>

## NOTE 11 - RECEIVABLES – CONTRIBUTIONS DUE IN RESPECT OF PENSIONS

	2020 £'000	2019 £'000
Amounts falling within 1 year:		
Due from NIFRS	152	-
Pension prepayments less than 1 year	4,520	3,826
	<u>4,672</u>	<u>3,826</u>
Amounts falling due after 1 year:		
Pension prepayments less than 1 year	-	-
	<u>-</u>	<u>-</u>
<b>Total receivables as at 31 March</b>	<u><b>4,672</b></u>	<u><b>3,826</b></u>

## NOTE 12 - CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Balance at 1 April	156	19
Net change in cash balances	(16)	137
<b>Balance at 31 March</b>	<u><b>140</b></u>	<u><b>156</b></u>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	140	156
<b>Balance at 31 March</b>	<u><b>140</b></u>	<u><b>156</b></u>

## NOTE 13 - PAYABLES – PAYMENTS DUE IN RESPECT OF PENSIONS

	2020 £'000	2019 £'000
Amounts falling due within 1 year:		
Pensions account	-	-
<b>Total payables as at 31 March</b>	<u><b>-</b></u>	<u><b>-</b></u>

## NOTE 14 - PROVISIONS FOR LIABILITIES AND CHARGES

	<b>Pension Commutation Factors 2020 £'000</b>	<b>Pension Commutation Factors 2019 £'000</b>
Balance at 1 April	8	8
<b>At 31 March</b>	<b>8</b>	<b>8</b>

### Analysis of expected timing of Cash Flows

	<b>Pension Commutation Factors 2020 £'000</b>	<b>Pension Commutation Factors 2019 £'000</b>
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</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.

## NOTE 15 – SCHEME PERFORMANCE

### 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 2020 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	(8.5)	(66.0)
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	3.5	26.0
0.5% increase in the Salary Increase Rate	-	1.0
0.5% increase in the Pension Increase Rate	7.0	56.0

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

Change in assumption*	Impact on DBO	
	%	£ Million
0.5% increase in Discount Rate	(17.0)	(18.0)
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	3.0	4.0
0.5% increase in the Salary Increase Rate	7.5	5.0
0.5% increase in the Pension Increase Rate	9.5	12.0

#### The Firefighters' Pension Scheme (NI) 2015 (CARE)

Change in assumption*	Impact on DBO	
	%	£ Million
0.5% increase in Discount Rate	(16.5)	(16.0)
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	3.0	3.0
0.5% increase in the Salary Increase Rate	7.0	7.0
0.5% increase in the Pension Increase Rate	10.0	10.0

\* 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 The Firefighters' Pension Scheme (NI) 2007 Liability

	Note	2020 £'000	2019 £'000
Scheme Liability at 1 April		714,180	706,990
Current Service Cost		5,240	7,460
Past Service Cost		3,000	30,280
Pension financing cost		<u>20,480</u>	<u>17,870</u>
		<u>28,720</u>	<u>55,610</u>
Pension Payments	15.5	(24,268)	(19,942)
Actuarial loss/(gain)	15.7	59,579	(28,477)
<b>Scheme Liability at 31 March</b>		<b><u>778,210</u></b>	<b><u>714,180</u></b>

During the year ended 31 March 2020 employee contributions ranged from 11% to 17% of pensionable pay (11%-17%: 2018-19). Employer contributions represented an average of 39.6% of pensionable pay (31.3%: 2018-19).

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.

### Cost Cap Pause

Scheme regulations incorporate provision for a cost control mechanism. In January 2019, the government announced a pause to the cost control mechanism in public service pensions schemes, due to uncertainty about benefit entitlements arising from the 'McCloud' judgement on age discrimination in public service pension schemes.

In March 2019, DoF made the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (NI) 2019 which gave effect to this pause for devolved NI schemes by removing the requirement for scheme actuaries to report on issues connected with the cost cap cost of the schemes.

This enabled work to be completed on the 2016 valuation, based on the position as at 31 March 2016. The 2016 scheme valuation report has been finalised without reference to the cost cap mechanism and the scheme has been able to proceed with necessary action to implement employer contribution rates from 1 April 2019.

In July 2020 the government announced it will commence the process for new valuation directions to re-establish the cost cap for GB public service schemes. Comparable directions for devolved schemes are subject to statutory consultation, which will now be progressed by DoF.

### McCloud

Past service costs have arisen as a result of the McCloud/Sargeant Ruling. In December 2018, the Court of Appeal ruled that transitional protection provisions contained in reformed judicial and

firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful.

In June 2019, the Supreme Court refused permission for any further appeal of that ruling and the judicial and firefighter cases in question were remitted to the Employment Tribunal to determine a remedy to members who suffered discrimination.

In July 2019, the Westminster Government confirmed that, as transitional protection was offered to members of all the main public service pension schemes, the government intends to address the difference in treatment across all schemes.

The reformed public service schemes in Northern Ireland, including the Firefighters Pension Scheme, incorporate similar age-based transitional protections. The Department of Finance is currently consulting on proposals to I) remove discrimination in unfunded public service schemes made under the Public Service Pensions Act (Northern Ireland) 2014 for the future; and, II) remedy the effect of any discrimination scheme members may have incurred since April 2015. The DoF consultation launched in August 2020. These proposals have been developed at the Collective Consultation Working Group, which is the recognised forum for consultation on pension policy for devolved schemes and where both public service employers and employees are represented.

Any subsequent changes to the Firefighter Pension Scheme will be subject to further scheme level consultation.

Based on the eligibility criteria set out by the Department of Finance in their consultation, the current provision for McCloud only allows for potential remedy costs for firefighters who were in service on 31 March 2012 and 1 April 2015.

### **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.

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.

The year-end liability includes costs for GMP indexation and equalisation.

### 15.3 Analysis of Movement in The New Firefighters' Pension Scheme (NI) 2007 Liability

	Note	2020 £'000	2019 £'000
Scheme Liability at 1 April		110,490	109,410
Current Service Cost		1,520	1,990
Past Service Cost		(3,920)	4,690
Pension financing cost		3,210	2,800
		<u>810</u>	<u>9,480</u>
Pension transfers in		522	734
Pension Payments	15.5	(1,389)	(1,586)
Actuarial loss/(gain)	15.7	24,226	(7,548)
<b>Scheme Liability at 31 March</b>		<u><b>134,660</b></u>	<u><b>110,490</b></u>

During the year ended 31 March 2020 employee contributions ranged from 8.5% to 17% of pensionable pay (8.5% to 17%: 2018-19). Employer contributions represented an average of 39.6% of pensionable pay (31.3%: 2018-19).

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.

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## **McCloud**

Past service costs have arisen as a result of the McCloud/Sargeant Ruling. In December 2018, the Court of Appeal ruled that transitional protection provisions contained in reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful.

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Any subsequent changes to the Firefighter Pension Scheme will be subject to further scheme level consultation.

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## **GMP Indexation and Equalisation**

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The year-end liability includes costs for GMP indexation and equalisation.



#### 15.4 Analysis of Movement in The Firefighters' Pension Scheme (NI) 2015 (CARE) Liability

	Note	2020 £'000	2019 £'000
Scheme Liability at 1 April		48,970	36,690
Current Service Cost		21,420	14,380
Pension financing cost		1,730	1,120
		<u>23,150</u>	<u>15,500</u>
Pension transfers in		225	134
Pension Payments (see Note 15.5)	15.5	(296)	(141)
Actuarial loss/(gain) (see Note 15.7)	15.7	24,220	(3,213)
<b>Scheme Liability at 31 March</b>		<u><b>96,270</b></u>	<u><b>48,970</b></u>

During the year ended 31 March 2020 employee contributions ranged from 11% to 13.5% of pensionable pay (11% to 13.5%: 2018-19). Employer contributions represented an average of 31.1% of pensionable pay (18.8%: 2018-19).

## 15.5 Analysis of Benefits Paid

	2020 £'000	2019 £'000
<b>The Firefighters' Pension Scheme (NI) 2007</b>		
Pension Payments	17,053	15,525
Gratuities / Commutations and lump sum benefits on retirement	<u>7,215</u>	<u>4,417</u>
	<b><u>24,268</u></b>	<b><u>19,942</u></b>
<b>The New Firefighters' Pension Scheme (NI) 2007</b>		
Pension Payments	639	591
Gratuities / Commutations and lump sum benefits on retirement	<u>750</u>	<u>995</u>
	<b><u>1,389</u></b>	<b><u>1,586</u></b>
<b>The Firefighters' Pension Scheme (NI) 2015 (CARE)</b>		
Pension Payments	270	18
Gratuities/Commutations and lump sum benefits on retirement	<u>26</u>	<u>123</u>
	<b><u>296</u></b>	<b><u>141</u></b>

## 15.6 Analysis of Payments to and on account of Leavers

	2020 £'000	2019 £'000
<b>The Firefighters' Pension Scheme (NI) 2007</b>		
Refunds to members leaving service	-	-
Individual transfers to other scheme	<u>-</u>	<u>-</u>
Per Statement of Cash Flows	<u>-</u>	<u>-</u>
<b>The New Firefighters' Pension Scheme (NI) 2007</b>		
Refunds to members leaving service	-	-
Individual transfers to other scheme	<u>-</u>	<u>-</u>
Per Statement of Cash Flows	<u>-</u>	<u>-</u>
<b>The Firefighters' Pension Scheme (NI) 2015 (CARE)</b>		
Refunds to members leaving service	-	-
Individual transfers to other scheme	<u>-</u>	<u>-</u>
Per Statement of Cash Flows	<u>-</u>	<u>-</u>

## 15.7 Analysis of Actuarial (Loss)/Gain

	2020 £'000	2019 £'000
<b>The Firefighters Pension Scheme (NI) 2007</b>		
Experience gains arising on scheme liabilities	19,471	2,067
Changes in financial assumptions underlying the present value of the scheme liabilities	(98,100)	26,410
Changes in demographic assumptions underlying the present value of the scheme liabilities	19,050	-
	<u>(59,579)</u>	<u>28,477</u>
<b>The New Firefighters' Pension Scheme (NI) 2007</b>		
Experience (losses)/gains arising on scheme liabilities	(446)	1,618
Changes in financial assumptions underlying the present value of the scheme liabilities	(26,920)	5,930
Changes in demographic assumptions underlying the present value of the scheme liabilities	3,140	-
	<u>(24,226)</u>	<u>7,548</u>
<b>The Firefighters' Pension Scheme (NI) 2015 (CARE)</b>		
Experience losses arising on scheme liabilities	(380)	(97)
Changes in financial assumptions underlying the present value of the scheme liabilities	(25,910)	3,310
Changes in demographic assumptions underlying the present value of the scheme liabilities	2,070	-
	<u>(24,220)</u>	<u>3,213</u>
<b>Per Statement of Changes in Taxpayers' Equity</b>	<u>(108,025)</u>	<u>39,238</u>

## 15.8 History of Experience Gains/(Losses)

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
<b>The Firefighters' Pension Scheme (NI) 2007</b>					
Experience gains/(losses) on scheme liabilities	19,471	2,067	5,487	23,436	7,870
Percentage of the present value of the scheme liabilities	2.50%	0.29%	0.78%	3.37%	1.33%
Total amount recognised in statement of changes in Taxpayers' Equity	(59,579)	28,477	(1,563)	(91,124)	45,570
Percentage of the present value of the scheme liabilities	(7.66%)	3.99%	(0.22%)	(13.10%)	7.69%
<b>The New Firefighters' Pension Scheme (NI) 2007</b>					
Experience gains/(losses) on scheme liabilities	(446)	1,618	(16,516)	(8,910)	2,210
Percentage of the present value of the scheme liabilities	(0.33%)	1.46%	(15.10%)	(10.50%)	4.57%
Total amount recognised in statement of changes in Taxpayers' Equity	(24,226)	7,548	(21,116)	(33,389)	28,210
Percentage of the present value of the scheme liabilities	(17.99%)	6.83%	(19.30%)	(39.35%)	58.3%
<b>The Firefighters' Pension Scheme (NI) 2015 (CARE)</b>					
Experience gains/(losses) on scheme liabilities	(380)	(97)	(2,129)	2,770	(640)
Percentage of the present value of the scheme liabilities	(0.39%)	(0.20%)	(5.8%)	11.78%	(7.19%)
Total amount recognised in statement of changes in Taxpayers' Equity	(24,220)	3,213	361	(4,530)	(400)
Percentage of the present value of the scheme liabilities	(25.16%)	6.56%	0.99%	(19.26%)	(4.49%)
<b>Combined history of experience gain/(loss)</b>					
Experience gains/(losses) on scheme liabilities	18,645	3,588	(13,157)	17,177	9,440
Re-measurement in respect of scheme liabilities	(108,025)	39,238	(22,317)	(129,043)	73,380

## **NOTE 16 - FINANCIAL INSTRUMENTS**

Accounting standards require disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non-trading nature of its activities and the way in which NIFRS is funded from 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 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.

## **NOTE 17 - LOSSES AND SPECIAL PAYMENTS**

A cash loss of £54k relating to GMP overpayments occurred during the year. This is disclosed under Losses and Special Payments within the Accountability and Audit Report.

## **NOTE 18 - CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37**

There were no Contingent Liabilities to be disclosed.

## **NOTE 19 - RELATED PARTY TRANSACTIONS**

NIFRS is an arm's length body of the DoH and as such the Department is a related party with which NIFRS has had material transactions during the year. These transactions concerning the NIFRS Pension accounts related to the funding provided to cover the shortfall of scheme payments over contributions.

None of the Managers of the Schemes, key managerial staff or other related parties has undertaken any material transactions with any of the Schemes during the year.

## **NOTE 20 - EVENTS AFTER THE REPORTING PERIOD**

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

### **Date Authorised for Issue**

The Accounting Officer authorised these Financial Statements for issue on 11 November 2020.

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