

Annual Report and Accounts 2021-22



Working together
for a safer Scotland



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland



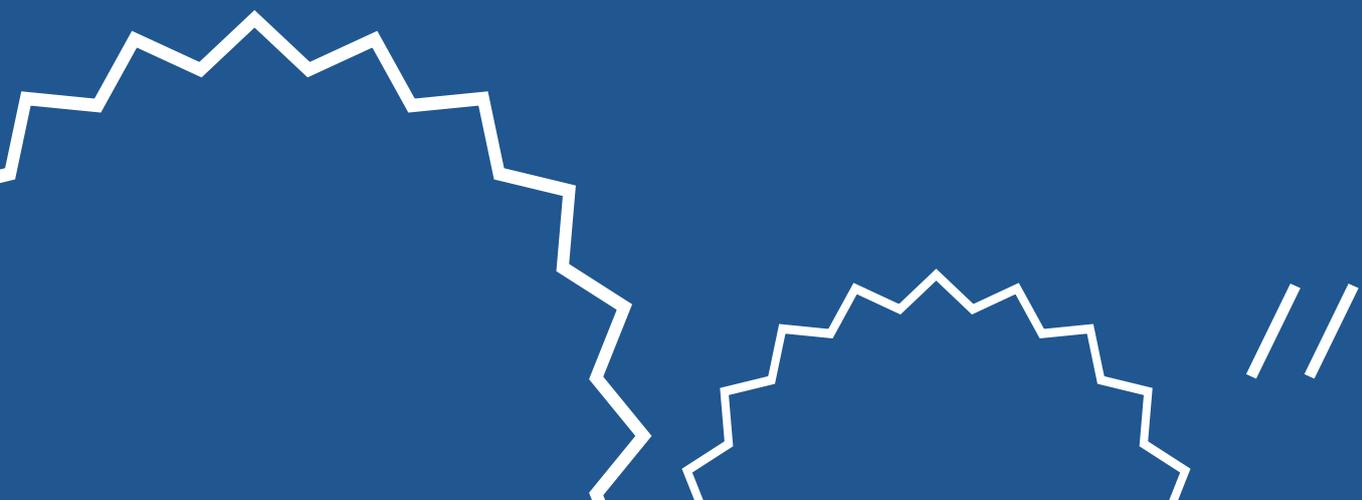
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PERFORMANCE REPORT

In this section of the report we set out:

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CHAIR'S WELCOME

It is my pleasure to introduce the Scottish Fire and Rescue Service (SFRS) Annual Report and Accounts for 2021/22.

The purpose of this report is to provide **assurance and insight** on our progress over the year.



It has been another challenging year, but I am proud of how we have continued to adapt to deliver our life-saving services to the people of Scotland. Since the nationwide relaxation of COVID-19 restrictions we have taken great strides forward in returning to normal business and learning lessons from our approach to COVID-19 as part of our Reset and Renew Agenda.

The membership of the Board has changed over the last reporting year. As a Board we are responsible for providing strategic direction, support and guidance to the SFRS, ensuring it discharges its functions effectively and that Ministers' priorities are implemented.

In the summer months of 2021, we welcomed four new Board members – Stuart Ballingall, Steven Barron, Angiolina Foster and Paul Stollard. I was delighted to welcome such a diverse wealth of talent, experience and knowledge to the Board.

Our new Board members join us at a pivotal point in our Service history, which sees us doing even more for the people of Scotland. Our new Strategic Plan, which is currently being developed, will be critical to delivering our ambitions and the Board will have a crucial role in the creation of this important document.

Our new appointments followed the retirement of Bill McQueen, Deputy Chair, and Board members, Marieke Dwarshuis, Primrose Stark and Anne Buchanan. I would like to thank each of them for their membership of the Board, with particular thanks going to Bill McQueen and Marieke Dwarshuis for their extended service. Both were due to retire from their positions in October 2020 but continued with us until 2021, providing continuity and resilience over a very challenging period. I know I speak for the whole of the Board when I wish all our retired Board members the very best for the future.

It gives me a sense of pride to look back over the reporting year and see just how much we have contributed to keeping the people of Scotland safe. For that, I would like to take this opportunity to thank our people who have shown so much dedication and commitment over such unprecedented challenging times.

A handwritten signature in black ink that reads "Kirsty Darwent".

KIRSTY DARWENT
Chair

Scottish Fire and Rescue Service Board
23 January 2023

PERFORMANCE OVERVIEW: ABOUT US

The purpose of the Performance Overview section of this report is to provide a summary about us. We tell you about our purpose and the Strategic Outcomes we work towards to achieve that purpose. You'll be able to read about the progress we've made against our Outcomes, as well as the key risks we face and manage as an organisation.

Who we are and what we do

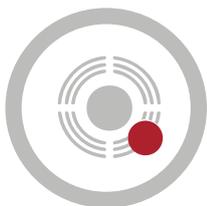
The Scottish Fire and Rescue Service (SFRS) is the world's fourth largest Fire and Rescue Service. We are committed to ensuring the safety and wellbeing of the people of Scotland.

We were established as a single national service on 1 April 2013 by the Police and Fire Reform (Scotland) Act 2012.

Our primary statutory responsibilities are directed by the Fire (Scotland) Act 2005, as amended by the Police and Fire Reform (Scotland) Act 2012 and by the Fire (Additional Function) (Scotland) Order 2005.

These pieces of legislation lead us to go beyond just fighting fires. You'll also find us doing the activities below to keep people safe:

Promoting fire safety



Enforcing fire legislation



Responding to road traffic collisions



Dealing with structural collapse of building



Response to serious flooding



Responding to serious transport incidents



Working with key partners to enhance community safety



Planning for chemical, biological, radiological and nuclear incidents



Undertaking inland water rescue



Carrying out rescues at height



Our Purpose

The SFRS has a duty to work with other public services to contribute to the Scottish Government's purpose and the [National Performance Framework](#) (NPF). In support of the NPF, the [Fire and Rescue Framework for Scotland 2016](#), and its ten priorities, set out Scottish Government's specific purpose and operating context for the SFRS. Our purpose, as defined by Scottish Ministers in this Framework, is:

“To work in partnership with communities and with others in the public, private and third sectors on prevention, protection and response to improve the safety and well-being of people throughout Scotland.”

Our Strategic Outcomes

To help us to achieve our purpose and contribute to the National Performance Framework, our [Strategic Plan 2019-22](#) is aligned to the Fire and Rescue Framework for Scotland 2016. It outlines four Strategic Outcomes, each of which has a further four objectives:

OUTCOME 1:

Our collaborative and targeted **prevention** and protection activities improve community safety and wellbeing, and support sustainable economic growth.

- 1.1 We will work with our partners to ensure targeted prevention and early intervention are at the heart of what we do to enhance community safety and wellbeing.
- 1.2 We will enforce fire safety legislation in a risk-based and proportionate manner, protecting Scotland's built environment and supporting economic growth.
- 1.3 We will evaluate and learn from our prevention and protection activities and analyse data to ensure our resources are directed to maximise community outcomes.
- 1.4 We will respond appropriately to Unwanted Fire Alarm Signals and work with our partners to reduce and manage their impact on businesses, communities and our service.

OUTCOME 2:

Our flexible operational model provides an effective emergency **response** to meet diverse community risks across Scotland.

- 2.1 We will analyse and understand a broad range of community risks across Scotland so that we have the right resources in the right places at the right time.
- 2.2 We will be more flexible and modernise how we prepare for and respond to emergencies, including working and learning with others and making the most of technology.
- 2.3 We will maintain a strong presence across Scotland to help communities prepare for and recover from emergencies.
- 2.4 We will make our frontline service delivery more effective by enhancing our command, control and communications arrangements.

OUTCOME 3:

We are a great place to work where our **people** are safe, supported and empowered to deliver high performing innovative services.

- 3.1 We will build strong leadership and capacity at all levels within the Service, and improve the diversity of our workforce.
- 3.2 We will embed inclusive learning and development arrangements so that we have the organisational capability to deliver high quality innovative services.
- 3.3 We will care for our people through progressive health, safety and wellbeing arrangements.
- 3.4 We will engage with our people, and other stakeholders, in an open and honest way, ensuring all have a voice in our Service.

OUTCOME 4:

We are fully accountable and maximise our **public value** by delivering a high quality, sustainable fire and rescue service for Scotland.

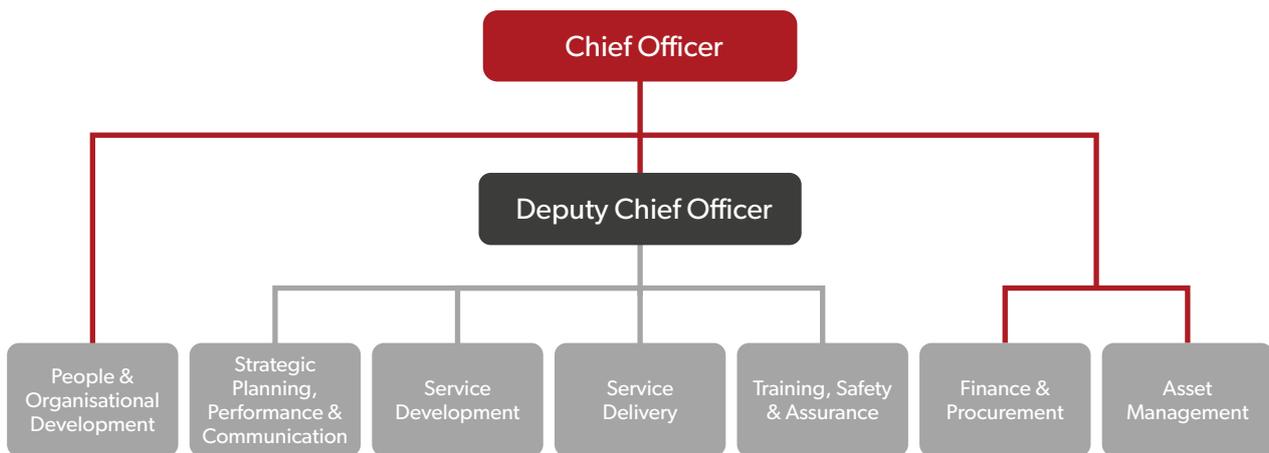
- 4.1 We will maximise our contribution to sustainable development through delivery of economic, social and environmental benefits for the communities of Scotland.
- 4.2 We will minimise the risks we face through effective business management and high levels of compliance with all our responsibilities.
- 4.3 We will invest in and improve our infrastructure to ensure our resources and systems are fit to deliver modern services.
- 4.4 We will strengthen performance management and improvement arrangements to enable robust scrutiny, challenge and decision making nationally and locally.

Our Strategic Plan 2019-22 was replaced in October 2022 with the [Strategic Plan 2022-25](#). The new plan has seven Strategic Outcomes which will drive our performance for the next three years from October 2022. The publication of a new Strategic Plan will also instigate the need to review and update a range of our business planning documents.

Our Organisational Structure

In delivering our services, strategic direction is provided by our Board who closely scrutinise our actions to ensure we are delivering services in an effective and efficient way against the strategic priorities. The day-to-day delivery of our activities is the responsibility of our Strategic Leadership Team (SLT).

The SLT are led by the Chief Officer and Deputy Chief Officer. There are seven additional members, each of whom has responsibility for one of our seven Directorates.



Our 14 Local Senior Officers (LSO) and their teams work closely with all 32 local authorities and are fully committed to supporting each Community Planning Partnership and other local partnership arrangements. These local teams balance the national direction outlined in our [Strategic Plan](#) against local needs by tailoring services through Local Fire and Rescue Plans, and by contributing to Local Outcomes Improvement Plans and other local partnership plans such as those for Community Justice and Health and Social Care Integration.

Our prevention, protection and response services are delivered through 357 community fire stations across Scotland. These are supported by a single national training establishment, two regional training sites and several local training facilities, three Operations Control Centres, three modern Service Delivery Area Headquarters, four strategically placed Asset Resource Centres, an ICT Data Centre and a fleet of over 1,500 vehicles.

PERFORMANCE OVERVIEW: KEY RISKS

The most significant risks identified by the SFRS are reported through the Strategic Risk Register with escalation processes ensuring that Directorate and Project Registers support and inform the Strategic Risk Register. Prioritisation of each risk is undertaken in line with the SFRS's risk assessment matrix, with guidance provided to staff around probability and likelihood ratings.

The Strategic Risk Register is aligned to the Outcomes of the SFRS 2019-22 Strategic Plan, reflecting the service values and strategy and ensuring our work supports the ten priorities outlined within the Fire and Rescue Framework for Scotland 2016.

The nine Strategic Risks are outlined below:

1. Ability to improve the safety and well-being of people throughout Scotland through the delivery of our Services.
2. Ability to reduce the number of unwanted fire alarm signals and associated occupational road risk.
3. Ability to collaborate effectively with partners and communities, to enhance service delivery and best value.
4. Ability to ensure legal and regulatory compliance.
5. Ability to have in place a suitably skilled, trained and motivated workforce that is well supported both physically and mentally.
6. Ability to have in operational use the necessary assets, equipment, supplies and services to enable the smooth running of the organisation, that exploit available technologies and deliver public value.
7. Ability to deliver a high quality, sustainable service within the funding envelope.
8. Ability to anticipate and adapt to a changing environment through innovation and improved performance.
9. While COVID-19 remains a threat to health, the ability of SFRS to protect staff, partners and the public while meeting service delivery demands.

Strategic risks will be managed collectively by the SLT with individual Directors identified as risk owners. The Strategic Risk Register is supported by relevant Directorate Registers detailing actions still required to further mitigate individual risks by identified responsible officers.

Scrutiny and assurance as to the adequacy and effectiveness of controls is undertaken through quarterly reporting to the [***Audit and Risk Assurance Committee \(ARAC\)***](#) and the SLT, and annually through the SFRS Assurance Framework. To ensure a consistent approach, additional reporting to Committees of the Board will continue to be undertaken where deemed appropriate through spotlighting specific strategic risks. This consists of specific risks being selected from the register by the Committee or Executive Board and then presented through a combination of written or verbal report thus enabling scrutiny bodies to ask questions and seek assurance that all attempts are being made to mitigate these risks wherever possible.

PERFORMANCE OVERVIEW: INTERIM CHIEF OFFICER'S SUMMARY OF PERFORMANCE



We are the world's **fourth largest** fire and rescue service.

We are committed to ensuring the **safety and wellbeing** of the people of Scotland.

The last year has been unique in many ways. We have continued to prioritise our emergency service provision to ensure we are there when we are needed most, whilst prioritising the significant challenges Scotland has faced. Addressing climate change, tackling inequality, driving inclusive economic growth and strengthening partnership working have all played a key part in our performance over the year as we have worked towards delivering against our Strategic Outcomes.

We have supported these priorities against a back-drop of COVID-19 recovery. As well as working to fully resume some of our preventative services that were impeded during the COVID-19 pandemic, we have taken the time to review the lessons we learned during this challenging time.

Our Performance Against our Strategic Outcomes

Prevention, our first Strategic Outcome, remains a key priority and we have continued to work closely with our partners to make our communities safer. This work has included a project that looks to build upon our current Home Fire Safety Visit programme and incorporate wider health and social care considerations, allowing us to do more for the people of Scotland.

As well as our seasonal prevention messaging, our Prevention Teams have also used indicative trends to target safety messaging. Our 'Staycation' campaign, run throughout the summer months in 2021, reached around 45% of adults in Scotland, encouraging them to holiday safely. Campaign evaluation has shown us that 84% of respondents thought that the campaign was effective, and 73% agreed that it would influence their behaviour.

As well as our prevention measures to support the public and households, our work to protect Scottish businesses continued. We bolstered our number of Fire Safety Auditing Officers from 13 to 30 to help us address the audit backlog created during the pandemic and to ensure we could continue this crucial role.

Similarly, work to reduce Unwanted Fire Alarms Signals (UFAS) has taken place with an options appraisal and public consultation exercise leading to a new approach being identified to respond to these types of incidents. UFAS are events which have required an operational attendance by the SFRS because of the unwanted actuation of a fire alarm system. However, unlike other attendances, a UFAS incident will not require any fire-fighting action. The new approach identified, which will be implemented in April

2023 could reduce UFAS calls by up to 57%. This will allow us to maintain the availability of essential resources wherever and whenever they are needed most, and increase the time available for operational colleagues to undertake training and community safety activities.

Our second Strategic Outcome focuses on Response and our commitment to maintaining a strong presence across Scotland to help communities prepare for and recover from emergencies. Together with our partners, we have continued to assess risks, prepare for and respond to emergencies or significant threats or events.

This year we published our new [Operational Strategy 2022-2032](#). This document, developed alongside our partners, will shape future operational response and focuses on six areas: Appliances and Equipment; Firefighting; Height; National Fire Resilience (Scotland); Operational Communications; and Wildfire. Using our risk profiling capability and the knowledge of our partners and our people, this Strategy focuses on developing and expanding a model of local solutions to meet local risks.

Working closely with our partners has come into the fore for a number of key initiatives throughout the year, including our continued work with the Ministerial Working Group, set up following the Grenfell Tower Tragedy, that has enabled us to continue to learn and develop our operational response to ensure an appropriate response to incidents across Scotland and support improved outcomes for communities; and our involvement in planning for and responding to COP26.

Our third Strategic Outcome focuses on our most important asset; our people. Without their dedication and professionalism, we would simply not be able to continue to protect the communities of Scotland. Our commitment to protecting the health, wellbeing and safety of our people has remained of critical importance.

During this time of challenge brought by the pandemic, the physical health of our staff remains a priority. Development of our Health and Wellbeing systems continued to support improvements in the delivery of health and wellbeing services. A project to develop new fitness standards has continued, with a review of current Fireground Fitness standards being completed. We will use the learning from this part of the project to help define new fitness standards, expected by us, to keep our people fit and healthy for the demanding role they undertake.

We recognise that supporting good mental health is equally as important. Through collaboration with The Royal Foundation and the 'Blue Light Together' campaign, the Service has committed to the 'Mental Health @ Work Commitment'; a framework that will allow us to make a genuine, longer-term positive impact on the mental wellbeing of employees. This has been complemented by a sustained programme of mental health and wellbeing awareness initiatives and the introduction of Wellbeing Champions across the Service.

Ensuring staff receive appropriate training, particularly as we start to recover from the pandemic, has remained a focus. We embarked on a full review of training capacity to identify how best to recover from the challenges of COVID-19 and ensure operational staff training requirements are prioritised. The review identified a range of subjects including: Trainee Firefighter Foundation & Practical Selection Tests; Incident Command; Breathing Apparatus; Specialist Rescue and Driving. These training requirements will be prioritised for delivery during 2022/23.

Our fourth and final Strategic Outcome ensures that, as a public-sector organisation, we provide public value by delivering a high quality, sustainable fire and rescue service for Scotland.

Despite the many challenges faced as a result of COVID-19, we have continued to minimise risks to the SFRS through effective management of risk and high levels of compliance.

Work to strengthen performance management and improvement arrangements has been at the forefront during the period. Work was undertaken to review our Strategic Plan 2019-22 and use that analysis to develop the next iteration of the Strategic Plan that will run from October 2022-25.

We also published our [Business Intelligence \(BI\) Strategy](#) and Action Plan in April 2021. The Strategy sets out a vision for our approach to improving BI and data management to bring about improvements in analysis and insights across the Service. It will help us realise our ambition to become an exemplar of BI for Fire and Rescue Services by 2025. We will build expertise in information management, analysis and data science and shift from transactional data activity to high value analysis and intelligence which will bring about improvements in the way we work.

We continue to support Scotland's transition to a net zero carbon economy, through partnership working and in leading by example through our high-profile assets in communities across the country. We are driving this agenda through our [Climate Change Response Plan 2045](#) and [Carbon Management Plan 2020-25](#); with further financial support we can do more. We are working with the Scottish Government, Transport Scotland and Scottish Enterprise on a project that will engage business in developing innovative solutions for the yet unresolved decarbonisation challenge of heavy fleet, driving both economic and environmental benefit. Linked to this, our alternative ways of working resulted in financial and carbon savings in relation to travel. While it is unlikely that sustained levels of reduction will be fully achievable post-pandemic, it has provided both a clear benchmark against which to measure future activity and a catalyst for longer-term sustainable carbon reduction.

Our Financial Performance

The format of the Accounts is set by the Government Financial Reporting Manual (FRM). One of the reporting requirements is that Grant in Aid (GiA) provided by the Scottish Government is included in the General Reserve of the Statement of Financial Position (SoFP) rather than in the

Statement of Comprehensive Net Expenditure (SoCNE). All other income and expenditure is included in the SoCNE. The deficit for the period is transferred to the General Reserve and is funded by GiA held there.

The cash GiA drawn down in financial year 2021/22 was £310.838 million for both resource and capital purposes against a cash Departmental Expenditure Limit (DEL) budget of £319.138 million (£307.976 million drawn down compared to a budget of £307.776 million in 2020/21). The variance arose from variations in the working capital requirements due to changes in year-end creditors and accruals. In addition, supplementary non-cash budget of £3.7 million was provided by the Scottish Government to cover the re-classification of unissued Personal Protective Equipment (PPE) from Inventories to the Capital Budget.

The key measure of financial performance is the comparison of expenditure against the Departmental Expenditure Limit (DEL) funding provided by the Scottish Government, which is accounted for on an accruals basis. The Net Resource Expenditure variance for the year ended 31 March 2022 reflects an underspend of £0.357 million relating to a combination of factors, shown in the table below.

Employee Costs	£000s	£000s
Retained Activity	(2,076)	
Support Staff vacancies	(511)	
Uniformed Staff Overtime	3,573	
Other (see narrative following this table)	(1,221)	
		(235)
Operating Charges		
Property	(445)	
Transport	(576)	
Supplies and Services	948	
Other (see narrative following this table)	(149)	
		(222)
Income under-recovery		63
Loss on Disposal of Assets		37
Net underspend		(357)

There was a total underspend in Employee Costs of £0.235 million. Retained activity, impacted by COVID-19, accounted for an underspend of £2.076 million and challenges in filling support staff vacancies (also due to COVID-19) added a further £0.511 million. Wholetime Firefighter and Control costs however, accounted for an overspend of £3.573 million, due to the impact of COVID-19 on maintaining crewing levels and attending the COP26 climate summit which resulted in increased overtime costs. Other Employee Costs including subsistence, early retirement charges and adjustments for holiday pay accounted for the remaining underspend of £1.221 million in employee costs.

There was a total underspend of £0.222 million in Other Operating Charges, consisting of the following items. There was a saving of £0.445 million in Property Costs mainly due to the successful challenge of rateable values across the estate. Transport Costs also underspent by £0.576 million due to reduced travel, with COVID-19 being the most significant factor. Supplies and Services overspent by £0.948 million mainly in respect of increased communications and telephony costs, with Other Expenses accounting for the remaining £0.149 million underspend.

Furthermore, income was under-recovered by £0.063 million and there was a loss of £0.037 million on the disposal of assets.

Net Capital Expenditure reflects an overspend of £1.971 million on Capital DEL. This was fully authorised by the Scottish Government, following additional Capital funding becoming available from within the overall budget. This allowed the Service to invest in fleet and ICT and accelerate the West Asset Resource Centre project.

The SoFP shows net liabilities of £4.773 billion (£4.431 billion in 2020/21), an increase of £342 million. The significant difference between the two years is mainly due to actuarial losses of approximately £276 million experienced during 2021/22 (£274 million in 2020/21) in relation to the Pension Schemes that the SFRS participates in. The Net Interest Cost of IAS19 assets and liabilities was another significant factor, contributing £62 million to the total (£82 million in 2020/21).

The substantial value of net liabilities is mainly due to the inclusion of liabilities related to defined benefit pension schemes required by IAS19. These liabilities will fall due in future years and will be financed by grant funding from the Scottish Government. Budgets have been approved for financial year 2022/23 and there is no reason to believe that these approvals will not be granted in the future. These Accounts have therefore been prepared on a going concern basis.

The Accounts are prepared on an accruals basis, meaning transactions are matched to the period in which they occurred, not when physical cash transactions took place. This results in accounting adjustments, such as accruals and prepayments, and also in relation to pensions as required by International Accounting Standards (IAS) 19 – Employment Benefits. These are reflected in Total Comprehensive Net Expenditure before Grant from the Scottish Government of £653 million for financial period 2021/22 (Net Expenditure of £637 million in 2020/21), as shown in the Statement of Comprehensive Net Expenditure (SoCNE) in the Annual Accounts section of this document. The main factor contributing to the increase of £16 million between the two years is the impact of IAS 19 Pension Costs charged to the SoCNE.

Our Performance in Numbers

Despite the challenges of the year outlined above, we have continued our progress against our Key Performance Indicators, with 75% (8) of them achieving a green RAG status and 25% receiving an amber RAG status against the targets we have set.

KPI Name	KPI Name	2018/19	2019/20	2020/21	2021/22	RAG
All Fire Casualties	Reduce the number of casualties at each incident type based on moving three-year average	949	808	693	555	GREEN
Accidental Dwelling Fires (Low Severity)	Reduce low severity fires based on moving three-year average	2,116	2,031	1,996	1,939	GREEN
Accidental Dwelling Fires (Medium Severity)	Reduce by 3% based on moving three-year average	2,219	2,045	1,870	1,967	GREEN
Accidental Dwelling Fires (High Severity)	Reduce by 5% based on moving three-year average	300	289	275	287	AMBER
Non-Domestic Fires	Reduce based on a moving 3-year average	2,233	1,960	1,704	1,870	GREEN
Home Fire Safety Visits	Increase based on previous reporting year	69,202	69,237	20,175	44,231	GREEN
Unwanted Fire Alarm Signals (UFAS)	Reduce based on a three-year moving average	28,755	29,285	23,733	28,709	AMBER
Reportable Injuries (excluding COVID-19)	Reduce based on a three-year moving average	37	26	17	9	GREEN

The next section of this report will look at these areas of interest in greater detail and explains how we have set the targets; and how we are performing against them.



ROSS HAGGART
Interim Chief Officer

Scottish Fire and Rescue Service
26 January 2023



PERFORMANCE ANALYSIS

The purpose of the Performance Analysis section of the report is to provide a more detailed view of our performance. There are two sub-sections:

- **Target Results** – which looks at a range of our key performance indicators; and
- **Our Performance and Activities** – which looks at the activities we have carried out in support of our Strategic Outcomes

PERFORMANCE ANALYSIS: TARGET RESULTS

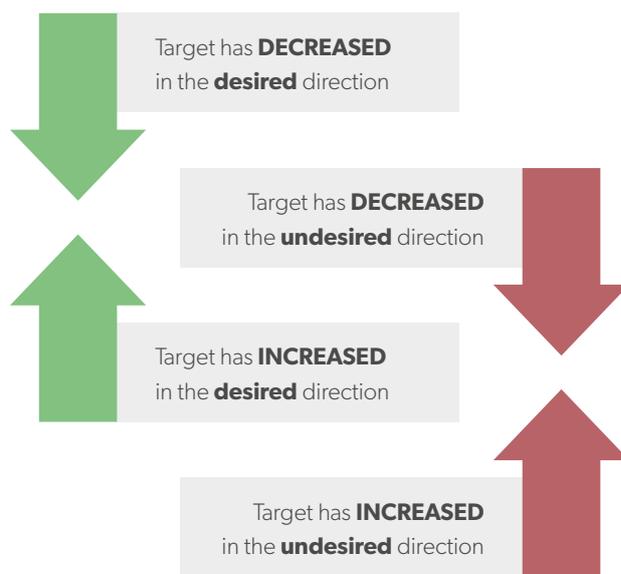
This section summarises the progress the SFRS has made against key performance indicators (KPIs) of our Performance Management Framework throughout 2021/22. Committees of the Board monitor progress of these performance indicators together with other informative data through Quarterly Performance Reports.

For further information, full performance data is available in our annual [Statistical Bulletins](#). These bulletins are published on the SFRS website to provide a comprehensive account of data regarding fire and rescue incidents, as well as fire safety and operational activity.

This document highlights five areas of interest to the public audience: Fire Casualties; Accidental Dwelling Fires; Non-Domestic Fires; Unwanted Fire Alarm Signals; and injuries to SFRS staff. The comparisons made for all KPIs are based on 3-year averages, with the 2018/19, 2019/20 and 2020/21 average compared to the 2019/20, 2020/21 and 2021/22 average. This section also contains some figures from 2021/22 alone. Unless stated otherwise, all figures refer to three-year averages. We assess each of the key targets that follow using a Red, Amber or Green (RAG) indication of our performance.

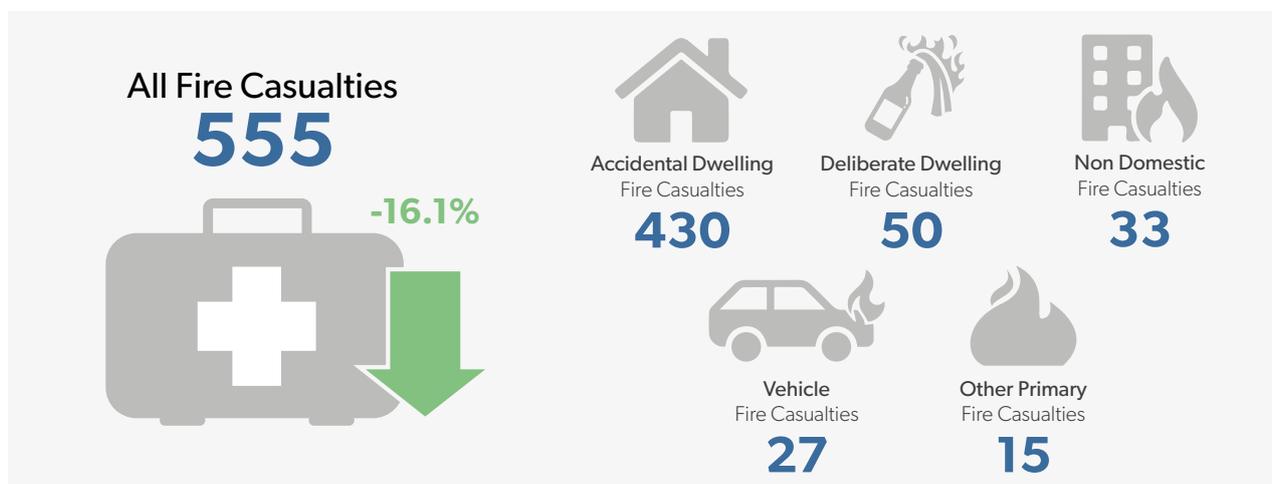


Arrows may be used within graphics to show the direction of changes. Upward and downward arrows indicate an increase and decrease respectively, and the colour of the arrow indicates whether this change was in the desired direction (green in cases of an achieved target, and red in cases of a target that was not achieved).



Further verified data is published in our annual statistical returns at the end of August and the end of October each year.

FIRE CASUALTIES



The prevention and protection work carried out by the SFRS primarily focuses on reducing the number of people who are harmed or fatally injured in a fire. For each incident the SFRS attends, details are recorded including any medical treatment required by a casualty¹ at the scene.

There was a reduction in fire fatalities and casualties (as shown in the figure above). This indicates that the prevention and intervention work undertaken by the SFRS has had a positive effect on community fire safety activity.

In 2021/22, there were 555 fire casualties (excluding precautionary checks²). Of this total there were 430 fire casualties in accidental dwelling fires and 50 in deliberate dwelling fires. A further 33 were recorded in non-domestic building fires, 27 in vehicle fires, and 15 in other primary fires.

At present, the SFRS only statistically measures performance against the total number of fire casualties, and the number of accidental dwelling fire casualties.

KPI Performance

KPI Name	2018/19	2019/20	2020/21	2021/22	RAG
All Fire Casualties	949	808	693	555	GREEN
Accidental Dwelling Fire Casualties	701	574	496	430	GREEN

1 A casualty is defined as anyone involved in an incident who should be seen by medical staff. Casualties that are only advised by the SFRS to have a precautionary check-up are not included in our targets.
 2 A precautionary check is when an individual is sent to hospital or advised to see a doctor as a precaution, having no obvious injury or distress.

Target Explained

KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
All Fire Casualties	817	685	Reduce the number of casualties at each incident type based on moving three-year average	GREEN
Accidental Dwelling Fire Casualties	590	500	Reduce by 3% based on moving three-year average	GREEN

The SFRS aims to reduce the number of fire casualties in the current three-year average compared with the previous three-year average. As the current three-year average is less than the previous three-year average period in both categories, the RAG indicator is green. In total, there has been a 16% reduction in all fire casualties and a 15% reduction in accidental dwelling fire casualties.

ACCIDENTAL DWELLING FIRES



The consequences of a dwelling fire³ can be devastating for both families and the wider community. The SFRS places great importance in working with households and our partners to attempt to reduce the incidence of fire in people's homes.

The changes in individual behaviour required to reduce dwelling fires tend to be longer-term in nature. To achieve this, the SFRS places emphasis in our prevention work, particularly in educating people about how to reduce the

risk of a home fire and putting early warning systems in place for the most vulnerable groups. Home Fire Safety Visits (HFSVs) are aimed at mitigating and changing behaviours in the longer term.

Successful prevention work should reduce both the total number of dwelling fires in Scotland, and, where fires do happen, to reduce their severity. For this reason, we believe measuring and publishing fire severity is important and forms part of our target setting.

³ A dwelling fire involves any fire that takes place in a property where people live.

The SFRS is currently researching opportunities with UK FRSs and various academia to consider where other information could supplement FRS data within a domestic fire severity model. Through innovative analytical methods, such as machine learning, we believe more reliable reporting of fire severity could be achieved, creating the means to take a targeted approach to identified threats, and reduce incidents through early intervention.

There were 4,189 accidental dwelling fires attended in 2021/22. Of these, 1,939 were classed as low-severity under the Cheshire Fire Severity Index, 1,967 were medium-severity and 287 were high-severity. A high-severity fire is one in which a fatality occurs, or a fire so severe as to destroy or seriously damage the property concerned. Such fires usually require the commitment of a larger number of pumping appliances for longer periods of time.

KPI Performance

KPI Name	2018/19	2019/20	2020/21	2021/22	RAG
Accidental Dwelling Fires (Low Severity)	2,116	2,031	1,996	1,939	GREEN
Accidental Dwelling Fires (Medium Severity)	2,219	2,045	1,870	1,967	GREEN
Accidental Dwelling Fires (High Severity)	300	289	275	287	AMBER

Target Explained

KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
Accidental Dwelling Fires (Low Severity)	2,048	1,989	Reduce the number of casualties at each incident type based on moving three-year average	GREEN
Accidental Dwelling Fires (Medium Severity)	2,045	1,961	Reduce by 3% based on moving three-year average	GREEN
Accidental Dwelling Fires (High Severity)	288	284	Reduce by 3% based on moving three-year average	AMBER

Targets for accidental dwelling fires vary depending on the severity, but are all based on current and previous three-year averages. The SFRS aims to reduce low-severity accidental dwelling fires generally, however, a target 3% reduction is set for medium-severity accidental dwelling fires, and a target 5% reduction is set for high-severity accidental dwelling fires.

In the 2021/22 period, this target was met for both low-severity (-2.9%) and medium-severity (-4.1%) accidental dwelling fires, however, for high-severity the reduction was only 1.7% over the period which missed the target.

Prevention Activity



In 2021/22, the SFRS carried out 44,209 Home Fire Safety Visits (HFSV). Of the total HFSVs, 22,562 were attended for at-risk groups.

KPI Performance

KPI Name	2018/19	2019/20	2020/21	2021/22	RAG
Home Fire Safety Visits	69,202	69,237	20,175	44,209	GREEN
Home Fire Safety Visits (At-Risk Groups)	25,500	24,124	10,206	22,562	RED

Target Explained

KPI Name	2020/21	2021/22	Target	RAG
Home Fire Safety Visits	20,175	44,209	Increase based on previous reporting year	GREEN
KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
Home Fire Safety Visits (At-Risk Groups)	19,944	18,964	Increase based on a moving 3-year average	RED

HFSVs during 2021/22 were more than twice that carried out in the previous year, but only two-thirds of the annual figures before the pandemic. Our target has been met with a 119% increase but some disruption to usual practices persisted through 2021-22.

Similarly, visits carried out to high risk groups were also more than twice that conducted the previous year and, in this case, have a closer resemblance to pre-pandemic levels. However, as there were fewer visits than in 2018/19, the current 3-year average is 4.9% lower than targeted.

Non-Domestic Fires

1,847

-6.6%



NON-DOMESTIC FIRES

Non-domestic fires⁴ are those that occur in properties which are not dwellings, for example, business premises. A fire can have a devastating effect on the business involved through lost trading, and replacement and refurbishment costs. It may also have a wider societal impact through the loss of jobs. Protecting businesses from fire is therefore a key priority for us so that they can continue to safely contribute to Scotland's economy.

FIRE SAFETY AUDITS

The SFRS contributes to the safety of businesses by enforcing the [Fire \(Scotland\) Act 2005](#) through Fire Safety Audits. Our audit programme is established using a risk-based methodology that prioritises premises used for the provision of sleeping accommodation, those that provide care and those that present the greatest risk to life safety.

The [Fire Safety Enforcement \(Protection\) Framework for Scotland 2021](#) sets out the general policy and principles

which the SFRS expects to follow. In addition, all auditing activity carried out by the SFRS is in accordance with [The Scottish Regulators Strategic Code of Practice](#).

Every Local Senior Officer Area prepares a **Local Enforcement Delivery Plan** to ensure a structured and locally flexible approach is applied to auditing the risks across Scotland. In 2021/22, the SFRS attended 1,834 non-domestic fires.



⁴ Non-domestic premises are defined as those covered by Part 3 of the Fire Scotland Act (2005)

The SFRS conducted 5,688 fire-safety audits of non-domestic premises in 2021/22 (compared to 3,321 in 2020/21), of which 61% were in premises at greater risk in the event of fire. This includes 1,984 audits undertaken in houses of multiple occupation (compared to 831 in 2020/21) and 1,490 (compared to 1,343 in 2020/21) in

care homes (including but not limited to nursing care for the elderly and child care establishments).

The reduction in fire safety audits being undertaken can be attributed to additional safeguards put in place during the COVID-19 pandemic.

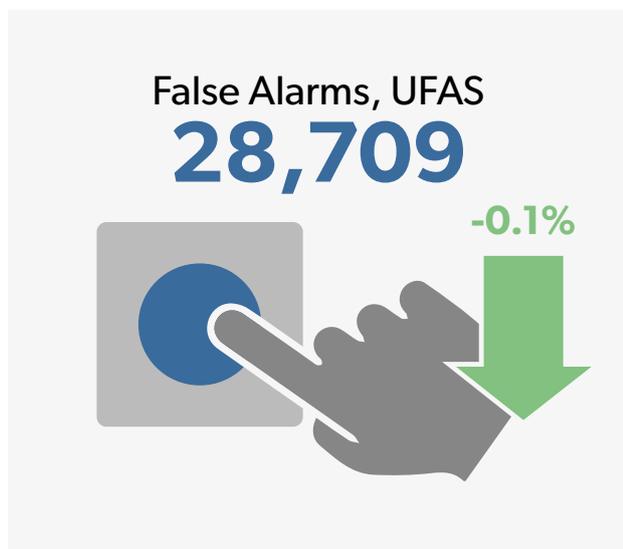
KPI Performance

KPI Name	2018/19	2019/20	2020/21	2021/22	RAG
Non-Domestic Fires	2,233	1,960	1,704	1,847	GREEN

Target Explained

KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
Non-Domestic Fires	1,966	1,837	Reduce based on a moving 3-year average	GREEN

The SFRS aims to reduce the number of non-domestic fires in the current three-year average compared with the previous three-year average. This target was met, with a 6.6% reduction in non-domestic fires.



UNWANTED FIRE ALARM SIGNALS

False alarms account for over half of the incidents attended by the SFRS. The majority of these unwanted calls are generated by automatic fire alarm systems⁵. This is a significant drain on resources, and travelling to these incidents under blue-light conditions presents an undue risk to both firefighters and other road users.

Whilst the use of automatic fire detection is encouraged to save lives and protect buildings, the SFRS actively seeks to reduce the burden to the service and businesses that false alarms cause.

In 2021/22, the SFRS attended 28,709 UFAS calls.

⁵ Automatic fire alarm systems alert the SFRS to a fire without the need for a 999 call to be made. These systems can be installed in commercial and public premises.

KPI Performance

KPI Name	2018/19	2019/20	2020/21	2021/22	RAG
Unwanted Fire Alarm Signals (UFAS)	28,755	29,285	23,733	28,709	AMBER

Target Explained

KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
Unwanted Fire Alarm Signals (UFAS)	27,258	27,242	Reduce based on a 3-year rolling average	AMBER

The target for UFAS in 2021/22 was a reduction of the previous three-year average. The 2021/22 figure is very similar to the annual total for 2018-19. This means that the three-year average figures show a reduction of less than 0.1%, and further quality assurance may change the overall result. We have therefore assigned an Amber RAG status.



FIREFIGHTER INJURIES

The absences recorded in this subsection are those categorised by the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 ('RIDDOR').

KPI Performance

KPI Name	2018/19	2019/20	2020/21	2021/22	RAG
Reportable injuries (Excluding COVID-19)	37	26	17	9	GREEN

Target Explained

KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
Reportable injuries (Excluding COVID-19)	27	17	Reduce based on a moving 3-year average	GREEN

The target for RIDDOR Reportable Injuries in 2021/22 was a reduction of the previous three-year average. This target was met with a reduction of 35%.

Reporting COVID-19 Cases

In 2021/22, we also reported COVID-19 transmissions. During this period, 29 cases were reported where our staff contracted COVID-19 through work-related transmission. Our target was to reduce the figure based on the previous reporting year. As we had 54 cases in 2020/21, and we have only reported 29 cases in 2021/22, we have reached our target.

FINANCIAL PERFORMANCE INDICATORS

Target Explained

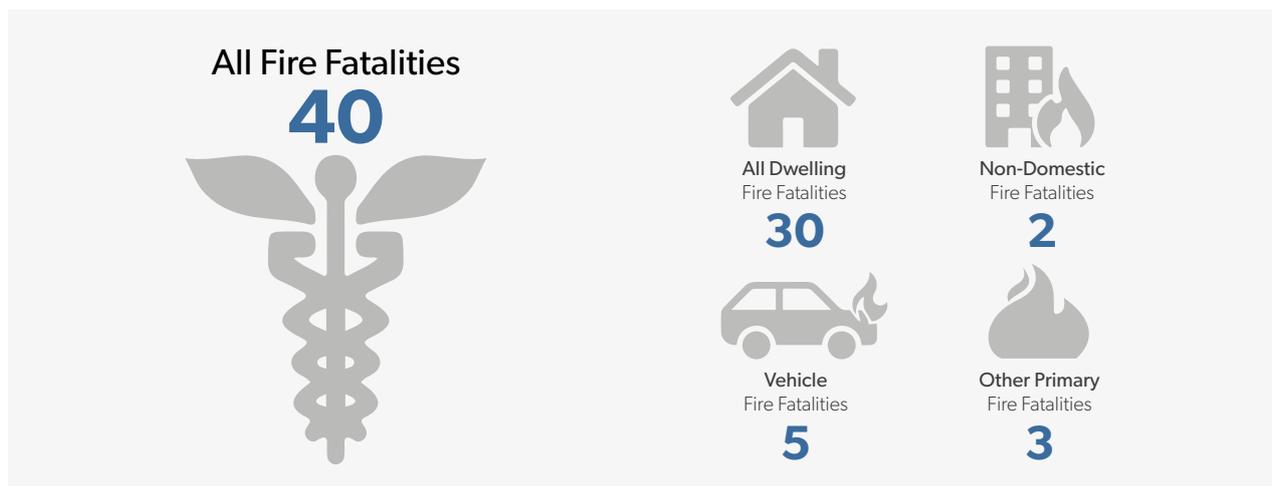
KPI Name	2018/19	2019/20	2020/21	2021/22	RAG
% of invoices paid in 30 days	97%	96%	97%	98%	GREEN

The target of % of invoices paid in 30 days is 98%. We achieved our target by reaching 98% in 2021/22. This is a 1% increase from 2020/21 where 97% of invoices were paid within 30 days.

OTHER SIGNIFICANT PERFORMANCE INDICATORS

Although we don't have targets associated with the following indicators, we still closely monitor the results of them.

Fire Fatalities



In 2021/22, there were 40 fire fatalities, of these, 30 were caused by dwelling fires, 2 by non-domestic fires, 5 by vehicle fires and 3 by other primary fire. At present, the SFRS only statistically measures performance against the total number of fire fatalities and the number of accidental dwelling fire fatalities.

Indicator progress

KPI Name	2018/19	2019/20	2020/21	2021/22
All fire fatalities	44	27	53	40
All Dwelling fire fatalities	40	21	44	30
Non-domestic fire fatalities	1	3	2	2
Vehicle fire fatalities	1	3	5	5
Other primary fire fatalities	2	0	2	3

PERFORMANCE ANALYSIS: OUR PERFORMANCE AND ACTIVITIES

For the beginning of each financial year we produce an Annual Operating Plan to show how we will meet the priorities we set within our Strategic Plan. At the end of each year we report on how we progressed this through the Annual Report and Accounts.

This section of the report captures some of the key activities that we have carried out through 2021/22 to meet the requirements of Annual Operating Plan and, in turn, our Strategic Plan.

The work we have carried out has been structured around the four outcomes outlined within our Strategic Plan 2019-2022.

OUTCOME 1	Our collaborative and targeted prevention and protection activities improve community safety and wellbeing, and support sustainable economic growth.
OUTCOME 2	Our flexible operational model provides an effective emergency response to meet diverse community risks across Scotland.
OUTCOME 3	We are a great place to work where our people are safe, supported and empowered to deliver high performing innovative services.
OUTCOME 4	We are fully accountable and maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.

Details of our financial performance for the year can be found within the Accounts section of this report.

OUTCOME 1 PREVENTION

By far the best way to avoid injuries or fatalities from emergencies is to prevent them from happening in the first place. By working in partnership to target our education programmes and community safety initiatives for the young, old and most vulnerable, we are working to reduce the number of emergency incidents so that we improve community safety and wellbeing outcomes.

Our prevention work also focuses on the enforcement of fire safety legislation. Fire in non-domestic properties not only pose a risk to life but also impact local economies. We have a duty to provide advice and enforce fire safety

legislation in most non-domestic buildings across Scotland. We will continue to target fire safety audits using a risk-based approach to support those responsible for premises (the duty holders), and ensure they are meeting their responsibilities to keep people safe.

Finally, we are working to reduce the number of false alarms we receive. False alarms consistently account for more than half of the incidents we attend. Most of these calls are generated by automatic fire alarm systems. False alarms, such as those that are caused by system faults, are an unnecessary drain on our resources and present undue risk for the public from appliances responding to these calls under blue light conditions. They can also cause disruption to people and negatively impact on business continuity potentially affecting business growth. We have been working with duty holders to reduce this type of incident and to reduce the risk to communities and our people through minimising unnecessary blue light journeys. This will allow us to maintain the availability of resources where they are needed most, and increase the time available for operational personnel to undertake training and community safety activities.



During 2021/22 we:

- Launched our “Staycation” campaign providing safety advice to people holidaying in Scotland. The campaign was run on television, radio and social media and by working with industry experts we took the opportunity to maximise the reach of our social media advertising, including targeting guests using hotel Wi-Fi in Scotland and those making holiday bookings.
- Began a 6-month pilot of the Safe and Well (S&W) Project which looks to build on the current Home Fire Safety Visit model and incorporate wider health and social care considerations, allowing us to do more for the people of Scotland.
- Commenced engagement in our S&W pilot areas to encourage our partner agencies to sign up to use our Safe and Well management tool which provides partners with a secure referral route for requesting a safe and well visit to their service users most at risk of fire. Partners will be key contributors to the success of our initiative and reciprocal referrals will enable us to target our home safety activity using a risk-based approach.
- Continued to develop our Youth Volunteer Scheme (YVS) which helps create opportunities to empower and improve the life chances of young people. This included the development of a suite of online resources to support existing units to engage with young people virtually providing lesson plans, peer and adult support and the promotion of positive mental health and wellbeing.
- Reviewed our SFRS Firesetter Intervention and Re-Education Scheme (FIReS) which enhances our engagement with young people through a programme of targeted interventions and offers a flexible approach to assist in the education of those who demonstrate an unsafe or concerning interest in fire or fire related anti-social behaviour. The review resulted in the scheme being amended to the Fire Safety Support and Education (FSSE) scheme which encompasses a more trauma-informed approach.
- Recruited an additional 30 members of support staff to undertake Community Safety Advocate and Fire Safety Auditing Officer roles to increase the pace of recovery and improve the safety of our communities.
- Completed a comprehensive options appraisal process to identify three options that best-balanced benefits against risks, whilst also achieving the desired reduction in attendance at Unwanted Fire Alarm Signal (UFAS) incidents. This process included Stakeholder Workshops where feedback was used to inform the three proposed options for our potential future response to Automatic Fire Alarms, followed by a public consultation exercise between July and October 2021.
- Published the [*findings of our investigation*](#) into the 2018 fire at the Glasgow School of Art’s Mackintosh Building which represented the most complex and resource-intensive investigation ever undertaken and led by the national service.
- Planned an extensive restructure of our Fire Investigation (FI) teams which will see a shift of resources, aligning them to known demand needs and will provide capacity to expand and develop the FI role to ensure all learning from incidents attended by the teams are fed into the wider Service to support continuous improvement.
- Worked with Police Scotland to introduce an accreditation program for our Fire Investigation dog. This will support the credence of any evidence from a fire investigation relating to the FI dog in a court of law and in line with the current accepted standards for Police Scotland dogs.
- Established an internal Partnership and Collaboration Working Group (PCWG) to provide greater coordination of this crucial work across our organisation. The newly established PCWG aims to develop and improve collaboration and partnership practices and processes with internal and external stakeholders and rectify any challenges identified.
- Published [*SFRS Working in Partnership*](#) which features some of the wide-ranging partnership and collaborative activities that have taken place during the previous reporting year.

PREVENTION SPOTLIGHT: PROMOTING WATER SAFETY

SFRS has worked to continue to support Water Safety Scotland's (WSS) Drowning Prevention Strategy and the accompanying Ministerial Action Plan, following a rise in water fatalities during 2021/22.

We established a dedicated SFRS Water Safety Group and we took on the role of Deputy Chair of Water Safety Scotland. The group has progressed several initiatives over the reporting year, including:

The creation of a Partnership Approach to Water Safety document (PAWs). This document, to be updated yearly, looks at prevention and post-incident considerations and provides the tools for local areas to establish their own local water safety partnerships to agree how to best target joint resources to reduce water fatalities. The document will provide statistics from WSS to identify trends each year to help us target these areas and help improve local water safety. The PAWs groups will react to any significant water event as soon as possible and make recommendations to the Community Planning Partnerships (CPP). Any actions identified in the short or longer-term will be actioned by the group. PAWs documentation will be provided to WSS, assisting in the identification of national trends.

Working in partnership with the WSS Data Subgroup to produce a process that can be used following serious water incidents. Plans are in place to carry out a pilot of this

process to review and refine it. The reporting format for this is captured in the PAWs document, along with the forms used for collation of information and actions.

The creation of the 'After a Water Safety Significant Event for Operational Personnel Document' which provides information to areas and local water safety champions on the actions to be taken after a significant event, including engagement and prevention measures.

The development of an online resource to share best practice. This allows for the learning from initiatives to be shared and used if appropriate, making best use of intelligence from Partners. This site captures policy and procedure, evaluations, analysis, training, future events calendar, and media resources.

Engagement with all 32 Local authority areas to establish a local network of PAWs groups. This has allowed for greater Community Planning Partnership engagement and for papers to be fed up through the Community Planning Partnership framework to be actioned and funds requested if appropriate.

Our commitment to water safety will be further strengthened by our involvement in the four-year review of Scotland's Drowning Prevention Strategy (SDPS), providing us with the opportunity to share local and national work examples and further shape the Strategy.

OUTCOME 2 RESPONSE

As an emergency service we have worked towards providing a flexible operating model that provides an effective emergency response to meet diverse community risks across Scotland.

During 2021/22 we:

- Published our new SFRS Operations Strategy which commits to improve community resilience through collaboration with our partners in the public sector. This commitment to joint working is a key aspect within the six Concepts of Operations that form it, which provide an overview of current operational response and inform future response activities and include: Appliances and Equipment; Firefighting; Height; National Fire Resilience (Scotland); Operational Communications; and Wildfire.
- Continued to review, replace, and produce an updated suite of operational documents that provide risk critical information and operational procedures to our staff on the frontline. The updated documents will provide a standardised approach to operational procedural information from antecedent services. The objectives of the project are to maintain consistency at operational incidents, whilst safeguarding firefighter and community safety.
- Continued to support the Ministerial Working Group set up following the Grenfell Tower tragedy, to continue to learn and develop our operational response to ensure an appropriate response to incidents across Scotland and support improved outcomes for communities.
- Worked closely with emergency service partners to introduce the Home Office's dedicated Emergency Services InterControl Talkgroup (ESICTL) which has been designed to improve the flow of communication at any major or critical incident.
- Took a bold new approach to supporting our On Call Duty System (formerly known as Retained and Volunteer Duty System - RVDS) Firefighters⁶, with a focus on recruitment, retention and improving working practices. We have employed 54 full time On Call Watch Command Support Officers employed from amongst our existing On Call workforce and strategically and equitably located across the country. The success of the project has created increased ability to support and maintain On Call appliance availability, as well as providing other real tangible benefits such as increased community engagement, training support and gathering of operational intelligence across all three Service Delivery Areas.
- Continued to improve and develop our operating systems to ensure that we understand the risks we face when providing our services to the communities of Scotland. The Service Delivery Model Programme (SDMP) has the overall aim to undertake short, medium and long-term scenario planning, to inform an analysis of risk across Scotland's communities. These reviews help identify where we, working within the confines of the resources available and in partnership, can deliver a balanced prevention, protection and response model that will contribute to eliminating, reducing or mitigating known or predicted community risk.
- Continued all efforts to progress the implementation of our new Command and Control Mobilising System intended to enable integration of all three of our Operations Control Centres. The system was designed with the purpose of deploying technology that could significantly enhance both community and firefighter safety. This work has been subject to significant delays (and ultimately termination of the contract with the current supplier) due to significant supplier performance issues.

We continue to maintain a strong presence across Scotland to help communities prepare for and recover from emergencies and together with our partners, we continue to assess risks, prepare for and respond to any significant threats or major emergencies.

We also continue to make our frontline service delivery more effective by enhancing our command, control and communications arrangements.

⁶ This group of staff provide the same full range of emergency services as their Wholetime colleagues – and generally carry out these duties whilst holding primary employment in various other fields.

RESPONSE SPOTLIGHT: CONFERENCE OF THE PARTIES

The COP26 summit brought parties together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change.

The event was held at the Scottish Event Campus in Glasgow in November 2021, with estimated numbers of over 30,000 delegates. We have a statutory requirement, as detailed within the Civil Contingencies Act (2004), to plan for, respond to, and recover from such national events.

In advance of the conference, to help ensure the safety of delegates, fire safety audits were undertaken at 163 delegate accommodations. During the conference, we

delivered community safety engagement messaging using technology via a bespoke Digital Strategy. Our messaging targeted visitors and activists, as well as those who live in Scotland who were involved in the event in some way. There was a strong focus on fire safety, as well as camping, water and boat safety messaging.

To ensure our staff were adequately prepared for the event, training to support the specialised operational requirements of COP26 was provided, including: Water Rescue; Height Capability; Mass Decontamination; Incident Command; Urban Search and Rescue; and Marauding Terrorist Attack response.



OUTCOME 3 PEOPLE

We aspire to be an employer of choice. This means we will create a supportive and rewarding workplace environment which attracts and retains the best people to deliver our responsibilities and ambitious programme of change.

To ensure we have the capability and skills to deliver first class frontline and supporting services we have continued to invest in excellent training facilities and arrangements. We have embedded different learning pathways to ensure

all our people have access to development opportunities to keep them safe and to support them to fulfil their potential.

The safety of our people is paramount and we have created a strong proactive health and safety culture to protect them. Being appropriately trained, and having access to the right information and support is essential to our people's safety and we are fully committed to ensuring we have the resources in place to achieve that.

The only way we know if we are getting it right as an employer will be by engaging with our people and our stakeholders in an open and honest way. We have continued to engage with our people, stakeholders and the public to ensure that their voice is heard.

During 2021/22 we:

- Launched our Recognition Awards. These awards provide an opportunity for us to formally recognise the commitment and dedication of those who work with us.
- Launched our agile working framework and continued promotion with managers and employees.
- Undertook a review of our approach to Bullying, Harassment and Discrimination, to support a positive and supportive workplace culture which is aligned with our values resulting in a range of updated guidance, as well as the introduction of new Contact Advisors who are available as an initial point of contact for colleagues who may wish to discuss bullying, harassment or discrimination concerns.
- Continued work to renew our Positive Actions Strategy 2019-22 to develop a sustainable model of positive action across recruitment, promotion and access to development opportunities. We ran virtual positive action engagement and fitness sessions targeted towards women in operational roles and Lesbian, Gay, Bi and Trans (LGBT) and ethnic minority communities across all roles.
- Carried out reconfiguration works at McDonald Road, Alloa and Stirling, and Inverness Community Fire Stations to improve the dignified facilities at these stations.
- Introduced the 'Dying to Work Charter' committing to an agreed way in which an employee should be supported in the event of a terminal diagnosis.
- Collaborated with The Royal Foundation and the 'Blue Light Together' campaign, and committed to the 'Mental Health @ Work Commitment'; a framework that will allow us to make a genuine, longer-term positive impact on the mental wellbeing of employees.
- Ran a successful campaign to establish Mental Wellbeing Champions which attracted a significant interest and our first cohort of Champions are undertaking a robust programme of training and induction.
- Established a Wellbeing and Inclusion sub-group which works to promote mental health and wellbeing awareness with an agreed planned programme of information, and supports events throughout the



calendar year. This has included campaigns such as: A Festive Mental Wellbeing campaign; 'Time to Talk Menopause' sessions on World Menopause Day; LGBT History Month; and 'March the Month' for Prostate Cancer UK.

- Continued to implement mental health and wellbeing training through the Scottish Government Lifelines initiative and have worked collaboratively with Lifelines to develop varying models of delivery, to ensure as wide a reach as possible across the workforce.
- Completed a Fireground Fitness Standards Research Project with recommendations to improve fireground

fitness assessments and introduce muscular strength and endurance assessment being approved.

- Embarked on a full review of training capacity for each training family to identify how we can recover and ensure operational staff training requirements are prioritised.
- Continued to develop our leadership capability which centres around strategic organisational needs, taking an agile approach to leadership at all levels.
- Developed and agreed a Learning Agreement between the SFRS and the Fire Brigades Union to support partnership working in the delivery of development opportunities for our people.

PEOPLE SPOTLIGHT: SUPPORTING EQUALITY, DIVERSITY, HUMAN RIGHTS AND INCLUSION

During 2021/22, we have been working with external partners to deliver information sessions around particular equality topics and to mark specific equality events. These sessions are recorded so that they are available to all our people as a learning tool. Examples of this include:

- Donaldson Trust – Neurodiversity
- Wise Woman – Domestic Abuse and Employment
- Stonewall Scotland – LGBTQ+ refresher training
- Who Cares? Scotland – Care Experience and Employment
- International Day for the Elimination of Racial Discrimination – ‘What is Anti-Racism’

We continue to work with our Justice Sector colleagues in considering race and service delivery statistics and race and workplace practices and experiences. Working with the Coalition for Racial Equality (CRER) and the University of the West of Scotland, cross-justice sector focus groups were carried out with employees to explore the lived experiences of our ethnic minority colleagues.

We are represented on the Scottish Government Ethnicity Pay Gap Strategy Working Group which was established in November 2021 to co-produce the Scottish Government’s Ethnicity Pay Gap Strategy and Action Plan by April 2022. The group consists of a cross-section of organisations and academics from the public, private and third sectors. Subgroups have included discussions around institutional

racism, intersectionality and employer practice.

We provided a SFRS response to the Public-Sector Equality Duty and participated in Scottish Government deep dive sessions, including one specifically for emergency services.

In line with our legislative duty under the Gaelic Language (Scotland) Act 2005, we have developed the second iteration of our Gaelic Language Plan to build on the successful implementation of our first plan. We devised and delivered a comprehensive communications strategy to ensure we could accurately gather the views of our employees and the communities of Scotland. The results of the consultation assisted us in the development of the final plan, which we will implement following approval from Bòrd na Gàidhlig.

We have worked with the British Sign Language (BSL) Justice Advisory Group, relating to our responsibilities under the Scottish Government BSL National Plan.

We completed the Stonewall Workplace Equality Index in October 2021. Our submission achieved bronze status and a working group has been developed to continue to progress the good work already achieved.

Our employees have been successful in setting up a broad range of employee networks each with an underlying equality theme. At present there are employee networks for women, LGBT, neurodiversity, caring responsibilities, disability, race, religion, and belief.

OUTCOME 4 PUBLIC VALUE

We are a fully accountable organisation and aim to maximise our public value by delivering a high quality, sustainable fire and rescue service for Scotland.

During 2021/22 we:

- Reviewed our progress against our Strategic Plan 2019-22 published the next Strategic Plan 2022-25 which went live from October 2022.
- Published our Performance Management Framework Annual Review for 2020/21. This report shows how we have performed against the suite of Key Performance Indicators that are included in the Framework.
- Developed a Good Governance Framework which brings together the various strands of our corporate governance arrangements into one overarching document that demonstrates our commitment to upholding good corporate governance throughout the SFRS.
- Continued to develop and strengthen our internal governance arrangements which has included adapting our governance processes to ensure active scrutiny remains in place and conducted our Annual Governance Review in March 2022.
- Published our ***Business Intelligence Strategy***. The Business Intelligence (BI) Strategy sets out a vision for our approach to improving BI and data management to bring about improvements in analysis and insights across the Service. The Strategy will help us realise our ambition to become an exemplar of BI for Fire and Rescue Services by 2025.
- Added Power BI to our suite of BI solutions and a programme of work has been developed to deliver solutions to stakeholders across the Service.
- Invested £3.7 million and delivered 127 individual projects to support the delivery of our ***Carbon Management Plan (CMP) 2020-2025***, which sets out in detail how we will approach carbon reduction over the next five years, as we work towards the Scottish Government's ambitious target of net zero by 2045.
- Continued to be a founding member of the Emergency Services Co-Location Programme, a collaborative initiative which promotes and supports the sharing of space, facilities and services amongst Police, Fire, and Ambulance.
- Launched, as part of the Emergency Services Co-Location Programme, the first tri-emergency service in Scotland at Tomintoul Community Fire Station, Aberdeenshire, where the SFRS, Police Scotland and the Scottish Ambulance Service operate from a single base.
- Developed a Benefits Management Framework that will equip us with the process, governance and tools to evaluate, direct, and monitor investments to support the achievement of organisational value and benefits.
- Started to develop a Business Change Lifecycle Framework which will provide assurance and integration of fundamental management practice across the change portfolio and major projects. This Framework will facilitate collaborative working in pursuit of our strategic objectives throughout the delivery of change, and it will enable us to focus on balancing competing demands and that we invest and deliver in the right initiatives at the right time.
- Conducted a Service-wide maturity survey of Continuous Improvement (CI) in partnership with Dr Karen Fryer from Glasgow Caledonian University (GCU). The findings and recommendations from this maturity assessment will form the basis for informing the development of the Service Improvement Strategy 2022-25.

PUBLIC VALUE SPOTLIGHT: ADDRESSING CLIMATE CHANGE

Following the climate change emergency declaration, we published our [SFRS Climate Change Response Plan 2045](#). This Plan sets out in broad terms how we plan to become a sustainable fire and rescue service, delivering environmental benefits for the communities of Scotland. Namely, by supporting them to tackle climate change and by tackling our own carbon emissions.

Our [Carbon Management Plan \(CMP\) 2020-2025](#), sets out in detail how we will approach carbon reduction over the next five years, as we work towards the Scottish Government’s ambitious target of net zero by 2045. Within the 2021/22 annual reporting period, we invested £3.7 million and delivered 127 individual projects to support the delivery of our Carbon Management Plan.

Carbon Programme 2021/22	(2020/21) Projects Completed	(2021/22) Projects Completed
Building Management System and Controls	24	19
Heatboss System Controls	13	37
Retained Station Energy Package	2	11
Solar PV	17	30
Insulation Works	0	26
Biomass Boilers	0	2
AMR Install Programme	0	1
Consultancy support	0	1
EV Chargers	53	0
Total	109	127

SUSTAINABILITY REPORT

In this section we consider our societal, environmental and economic impact. Scottish Government defines the goal of sustainable development as enabling all people throughout the world to satisfy their basic needs and enjoy a better quality of life without compromising the quality of life of future generations.

CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY

The SFRS maintains its pledge to be sustainable and to support the Scottish Government's obligation to increase sustainable economic growth through a low carbon economy.

Following the Scottish Government's revised carbon reduction targets that are set out in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, we published our own [SFRS Climate Change Response Plan 2045](#) that outlines the SFRS's intention to reach net zero CO₂e emissions by 2045. In 2015/16 we measured and set a carbon emission baseline of 23,326 tCO₂e per annum.

Detail on how and where the savings will be made is provided in our [Carbon Management Plan \(CMP\) 2020-25](#) which outlines the first phase of projects focusing on energy efficiency and building controls.

By following our Carbon Management Plan, it is anticipated that the SFRS will have achieved a 50% reduction in carbon emissions from the baseline position, leaving the balance of 50% to be delivered in the remaining 20 years to 2045.

Energy Consumption* and CO₂ Emissions

Our carbon footprint for the 2021/22 financial year was calculated at 14,259 tCO₂e. This is 9,076 tCO₂e lower than the carbon footprint of 23,326 tCO₂e for the 2015/16 Climate Change baseline year; and 1,101 less than 2020/21.

These savings are the result of the reduction of our total energy consumption figures from the Climate Change baseline. Electricity and gas consumption in 2021/22 reduced by over 15%. This has been led by the delivery of over 127 projects that were financially supported by the Scottish Government's 'Scottish Green Public-Sector Estate Decarbonisation Scheme'.

These projects included; the commissioning of the biomass boiler at our National HQ, the removal of an oil fuelled boiler and the installation of a biomass boiler at Fort William Fire Station, the installation of solar PV panels on 40 fire stations and corporate buildings, and the upgrading of the building energy management systems and heating controls on 67 fire stations. Energy efficiency packages were also delivered on 11 fire stations, including the replacement of gas boilers with electric alternatives.

Our reduced energy consumption has led to significant financial savings. Electricity costs reduced by £376,043 and gas by £57,920, compared to 2020/21. The ongoing geopolitical issues that are impacting the cost and supply of fossil fuels and energy prices further justify the investment and resource that has been committed to decarbonising the SFRS estate and increasing renewable energy generation.

As expected, the carbon emissions from our fleet have increased during the past 12 months as society has emerged from the pandemic and our standard operational procedures have resumed. However, the increase has not returned to pre-pandemic levels with the 2021/22 emissions totalling 5,208 tCO₂e which is 28% lower than our baseline figure.

Reduction in carbon footprint from 2015/16

38.9%



Reduction in electricity emissions since 2015/16 baseline

15%



* It should be noted that issues with Automatic Meter Readings for the 2021/22 energy figures have meant that electricity and gas consumption readings have not been received for all our sites. Whilst we work with the energy company to resolve this issue, last year's consumption figures have been used to provide indicative results.

Reduction in the volume of waste produced since 2019/20

9%



Recycling Rate

40%



Waste Management

The total volume of all waste produced across the SFRS estate in 2021/22 was 880 Tonnes, a 9% reduction in the volume of waste produced since our initial baseline reporting year 2019/20.

This total volume of waste includes all waste from scheduled and ad hoc waste uplifts across our stations, corporate sites, workshops, stores and training centres, and any special waste materials.

The total volume of waste recycled has increased 0.5% against the last financial reporting year, bringing the recycling rate for 2021/22 to 40%. In comparison to our initial baseline reporting data for 2019/20 this is a 5% increase in the volume of waste recycled across the SFRS estate.

The volume of waste sent to landfill in 2021/22 was 105 tonnes. There has been a 15.6% reduction since 2019/20, due to progression within the waste industry where we have been able to opt for waste carriers that can treat general waste instead of sending it to landfill. We are, however, limited to the waste management services available in remote and rural locations in Scotland which will keep this figure relatively static in forthcoming reporting years.

Towards the end of 2021/22 the SFRS has developed an internal Waste Management Policy and Strategy. The Policy outlines how waste should be managed and disposed of across our estate. Our strategy sets out our goals of embedding a circular economy, working to reduce the volume of waste being produced and increasing recycling across our estate. Our Waste Management Policy is due to be published and implemented in the next financial year, this will guide our work in managing waste across our estate.

Water Management

During 2021/22 we undertook, in partnership with Business Stream, 31 water efficiency audits at our highest consuming sites. The audits identified measures that would help to reduce our water consumption. As a result, 38 urinal controls, 12 save-a-flushes, 15 handheld showers and 7 tap aerators were installed across the 31 sites.

These measures are estimated to provide an annual saving of around £25,000. The Automatic Meter Readers (AMR) installed in the previous financial year have allowed us to create a baseline for water consumption at our AMR sites. This data will allow us to make annual comparisons in future years.

Electric Vehicles

170+



Electric Vehicle Fleet & Infrastructure

We continue to grow a comprehensive electric vehicle fleet and currently have over 170 electric vehicles. This includes three new electric mini-buses which support our training centres. We are currently developing an electric fire appliance in collaboration with an industry partner and it is expected to begin operational trials in spring 2023.

We are further enhancing our EV infrastructure coverage and, with support from Transport Scotland, placed an order for a further 90 charge points that will be installed during 2022/23. When works are complete each of our wholetime stations and rural wholetime officer bases will have an EV charge point available.

Climate Change Adaptation

The need to adapt our estate to cope with extreme weather events caused by climate change is becoming more pertinent each year. Many climate change mitigation projects also offer climate change adaptation benefits. Examples of this include works to improve building fabric insulation to help keep our buildings warmer in winter and cooler in summer. Building heating controls offer efficient energy use and give local crews more control on the building environment during extreme

winter and summer weather. Solar panels offer energy resilience on remote rural stations that may be impacted by power outages caused by storm damage.

Biodiversity

The SFRS bee hive network gained another site in 2021/22 with the addition of a small apiary of hives at Lanark Community Fire Station. There is now a total of seven stations with bee hives across our estate, with a further list of stations that are interested in community gardens and bee hives.

Our community garden at Motherwell Community Fire Station has hosted local school groups over the year where they have been able to engage with them on the importance of biodiversity. Seventeen Community Fire Stations across Scotland also took part in planting a cherry tree as part of The Queen's Green Canopy Initiative.

Business Travel Emissions

We now monitor and measure our Scope 3 business travel emissions as part of our official carbon footprint. These are indirect greenhouse gas emissions resulting from the organisation's operations. This has been measured for three years, with financial year 2019/20 set as the official baseline year, producing 816 tCO₂e. These emissions are made up from staff mileage claims, rail travel, flights and hotel stays.

During 2021/22 our Scope 3 business travel emissions increased to 518 tCO₂e, a rise of 217 tCO₂e on the 2020/21 figures. This figure is 36% lower than our 2019/20 baseline of 816 tCO₂e. The rise is due to our standard operations resuming following the pandemic, however travel has remained significantly lower due to ability to hold digital meetings. One area that has increased is hotel stays and this is due to an increase in firefighter recruitment and training.

You can access full climate change reporting information for us on the [Sustainable Scotland Network website](#). The information for the previous year is updated every April.

SUSTAINABLE PROCUREMENT

The SFRS is committed to observing our sustainable procurement duty as stated within the Procurement Reform (Scotland) Act 2014 and continue to review and update our internal policies and procedures to reflect our legal duty and to ensure the proper consideration of how best we can improve the social, environmental and economic wellbeing of our communities through our procurement activity.

Sustainability is an area that the SFRS can and does influence by making sure the elements which impact on sustainability are built into the procurement process at an early stage and considered throughout the procurement lifecycle in the specification development, tender evaluation and contract management.

For all procurements for goods and services with a value of £50,000 or more, we developed a Commodity Strategy which requires the use of the Sustainable Procurement Toolkit to assist in embedding relevant and proportionate requirements in our procurement activity.

Reflecting the requirement contained within SPPN1/2021 that Procurement professionals have a responsibility to be climate literate and to have an appreciation of how contracting activity can support net-zero aims for their organisation and Scotland, all members of the Procurement Team have completed their Literacy e-learning and Sustainability Training to best understand how to account for such areas within relevant procurement activity.

In support of our commitment to our sustainable procurement duty, we have a nominated Sustainable Procurement Champion who is responsible for ensuring compliance with legislation across the Service and promoting the adoption of sustainable procurement practices.

Our [Procurement Strategy 2021-2024](#) was published in April 2021 and is anticipated to remain relevant until March 2024, but will be reviewed on an annual basis and adjusted to ensure that it remains current to the challenges faced by the SFRS. The strategy re-iterates our commitment to ensure the consideration of issues that may assist in improving the economic, social and environmental wellbeing of the communities that we serve.

We include the consideration of community benefits in all relevant procurement activity and use these to deliver wider benefits for the communities which we serve. We have introduced the use of a new system (Cenefits Benefits Realisation Software) to assist in the recording, management and reporting of the sustainability impact which are delivered through our procurement activity.

Our procurement processes are applied in a manner which facilitates the involvement of small and medium-sized enterprises (SME), Supported Business and third sector bodies. We continue with our membership of the Supplier Development Programme (SDP) which consists of Local Authorities, Scottish Government and a range of other public bodies working together to support SMEs in all aspects of tendering. During the reporting period, the Procurement Team attended the "virtual" Meet the Buyer events held online both on a national and local basis.

Targeted action was undertaken by the SFRS in partnership with the SDP as part of the market engagement for the Hard Facilities Management Project and this partnership working continued when the new contractor was appointed, with a sub-contractor event held explaining the opportunities that would be available in the wider supply chain.

The SFRS has successfully introduced project bank accounts in relevant procurement projects in previous years and this has continued with the award of the West Asset Resource Centre with on-going discussions with the appointed contractor to establish a similar account for that project. Project Bank Accounts are designed to pay sub-contractors at the same time as main contractors in relevant procurement activity.

Our procurement activities continue to promote and explore opportunities to engage with the Supported Business and Third Sector. Although no new contracts were awarded within the reporting period, there was still spend of £90,000 excl. VAT with this sector through existing arrangements. We are working in partnership with the Scottish Prison Service on a contract for the Supply of Station Storage Solutions which provides opportunities within the care of the Scottish Prison Service to gain valuable social skills and realistic work skills to enhance employability prospects.

We support the Scottish Government's goal to become net zero by 2045. SFRS has pledged to cut carbon emission by 6% per annum until 2030 which equates to an 80% overall reduction. To support this, we are investing in renewable technologies to reduce waste energy. This has involved working with our contractors to install smart energy controls, low carbon heating, pollution prevention measures and solar panels in our properties throughout Scotland.

With financial support provided by Transport Scotland and working with them, Scottish Government and Scottish Enterprise, we have awarded a contract for the development of a prototype low carbon fire appliance which will have similar operational capabilities to the current diesel internal combustion engine appliances operated by the Service.

Through continued funding provided by the Scottish Government's Switched on Fleets initiative for the procurement of electric vehicles and charging infrastructure, we now operate a fleet of over 100 low emissions cars to support the work of rural firefighters and have charging points at 65 locations which supports the decarbonisation of our light fleet.

The SFRS is an Accredited Living Wage employer and through our procurement activity, we recognise that inviting suppliers to adopt fair working practices will reduce inequalities and develop a more inclusive and sustainable

society. We are committed to developing our requirements further to include mandating the payment of the Real Living Wage where it is relevant and proportionate.

In the reporting period, the SFRS completed an exercise to validate that relevant contractors to the SFRS had published a Slavery and Human Trafficking Statement in compliance of Section 54 of the Modern Slavery Act 2015.

The SFRS continues to consider Equality and Diversity in all relevant procurement activity and observes the requirement to comply with the Equality Act 2010 and the 'General Duty'. Completion of an Equality and Diversity Impact Assessment is undertaken and where appropriate provision is included in the conditions of contract, specification and contract award criteria, with performance measured through management of the contract.

The SFRS has adopted the flexible framework tool for Sustainability and we will utilise this to measure our level of performance and identify the actions required to embed good procurement practice to realise intended sustainable outcomes. We will seek to achieve level 3 on the flexible framework by 31 March 2024.

You can read more about our commitment to sustainable procurement in our Annual Procurement Report 2021/22.

ECONOMIC SUSTAINABILITY

It is important that we understand our staffing profile and plan for anticipated changes.

The operating environment created by the pandemic has had a significant impact on resourcing. Our ongoing staffing recovery from COVID-19 has been further impacted by recent changes to the Firefighter pension arrangements which has significantly altered the SFRS retirement profile, impacting headcount, operational availability and skills profile. Our Workforce Planning Teams are actively forecasting retirement profiles to support effective planning.

A Staffing Tactical Action Group has been established, supported by a Staffing Solutions Team, to identify and implement mechanisms to maintain business continuity arrangements for SFRS Service Delivery and to develop a range of reporting tools and options to manage availability.

We continue to work with stakeholders to enhance our approach to workforce planning and have used the resultant analysis to inform our resourcing timelines and priorities and enhance other areas, including training scheduling and operational availability. Furthermore, workforce planning data is now interfaced with the rostering system to ensure resilience within the 5 Watch Duty System.

SUPPORTING EQUALITY, DIVERSITY, HUMAN RIGHTS AND INCLUSION

Our [Strategic Plan 2019-22](#) describes our aspiration to be a world leading fire and rescue service, to create 'a great place to work' and meet 'diverse community risks'. To do this, we know that equality, diversity and inclusion must be embedded in everything we do.

Our Equality and Diversity business partnership model, underpinned by the Equality and Human Rights Impact Assessment process, remains an effective method of supporting the mainstreaming of equality, diversity, inclusion and human rights across the SFRS, informing and influencing the decisions we take about future service provision such as Safe and Well and employment practice.

A review of the Equality and Human Rights Process has been progressed. Despite an extended deadline into 2021/22, to accommodate demands arising due to the COVID-19 response, modifications were made to the current process to facilitate urgent decision making and to accommodate the duty to conduct Island Impact Assessments. The Impact Assessment Process will be developed to incorporate the promotion of good mental health. This process remains the most effective method of building equality, diversity, inclusion and human rights into decision making, policy development and policy implementation.

A review of the existing SFRS Equality Outcomes was completed and a revised set of [Equality Outcomes](#) was published in April 2021, along with the biennial [Mainstreaming Report](#). From April 2021 the Mainstreaming Report will be published annually.

A key means of facilitating mainstreaming of equality across the organisation is the Cross-Directorate Equality Partnership Group. The forum provides a vehicle to share and promote equality information and priorities, collate and disseminate examples of good practice, and consider emerging equality issues. Along with the Corporate Parenting Group, the Equality Partnership Group provides a mechanism to support equality related activities being identified, progressed, implemented and owned across the Service, rather than being the responsibility of a single team.

Support to colleagues by the Equality and Diversity Business Partners is supplemented by the provision of impact assessment training, specialist topic training such as LGBT

Leadership for Executive and Non-Executive Leaders, and Equality Champions training, which helps support individual responsibility for the equality agenda.

Visual cues for highlighting the importance of equality, diversity, inclusion and human rights have featured prominently from the availability of rainbow lanyards to show alliance with LGBT communities and colleagues, to regular corporate communications on key events such as LGBT History Month, Black History Month, Care Leavers Week and the promotion of materials to support colleagues who are victims or encounter victims of domestic abuse.

Alongside our strategic objectives and ambition to be the best employer we can be, we have a legal obligation under the Equality Act 2010 to remove all unfair discrimination and bias from the workplace. We have joined our Justice sector colleagues in the Cross-Justice Sector Working Group on Race and Workforce to identify and address any structural barriers our workplaces pose for ethnic minority communities. As part of the 2021 statutory reporting on pay we voluntarily published our ethnicity pay gap information.

Listening to our employees, their experiences and views is a critical feature of an improving organisation. In addition to our corporate communications and formal staff engagement measures, equality related Employee Networks have been established. The Networks are an avenue for people who may have similar life experiences, share a protected characteristic, or have an interest in the protected characteristic, to meet online. A LGBT Network, Women's Network and Neurodiversity Network are currently operating.

Alongside the Networks programme we have Strategic and Senior management representatives who are Equality Champions across a range of protected characteristics and themes including champions for Black, Asian and Minority Ethnic (BAME), Care Experienced & Carers, Disability and Tackling Domestic Abuse. The establishment of these Equality Champions drawn from the senior management tiers provides a humanising touch to corporate equality messaging and highlights the individual personal commitment to equality by our leaders. We also have a Women's Experience Liaison Forum to explore the experiences of our female colleagues and ways to enhance the workplace culture, practices and working environment to ensure these are inclusive.

The value of these initiatives is illustrated within our [Equal Pay and Gender Pay Gap Report 2021](#). The Report demonstrates a 10% increase in the numbers of Wholetime Female Firefighters since 2019 (from 5.46% to 6.10%),

and an increasing number of women assuming positions within the uniformed management structure. It illustrates that women are equally represented within the three upper quartiles of the support staff structure.

Gender as at 31 March 2022					
	Headcount	Male	Female	Male	Female
Wholetime 5 WDS	2,854	2,678	176	93.83%	6.17%
Off Station*	411	369	42	89.78%	10.22%
Rural FT	53	43	10	81.13%	18.87%
Flexi Duty	271	262	9	96.68%	3.32%
Control	176	28	148	15.91%	84.09%
RDS	2,760	2,569	191	93.08%	6.92%
Volunteer	281	235	46	83.63%	16.37%
Support	920	420	500	45.65%	54.35%
Total	7,726	6,604	1,122	85.48%	14.52%

Figures from 2020/21 can be seen for comparison:

Gender as at 31 March 2021					
	Headcount	Male	Female	Male	Female
Wholetime 5 WDS	2,963	2,784	179	93.96%	6.04%
Off Station*	348	317	31	91.09%	8.91%
Rural FT	54	43	11	79.63%	20.37%
Flexi Duty	270	261	9	96.67%	3.33%
Control	182	31	151	17.03%	82.97%
RDS	2,876	2,679	197	93.15%	6.85%
Volunteer	305	253	52	82.95%	17.05%
Support	836	375	461	44.86%	55.14%
Total	7,834	6,743	1,091	86.07%	13.93%

* Includes Wholetime Trainees

The SFRS continues to work towards a workforce that is more representative of the people and communities of Scotland that we serve and our three-year [Positive Action Strategy 2019-22](#) supports our commitment to strengthening the diversity of our workforce. We have successfully moved to a model of virtual positive action engagement and fitness sessions, targeted towards women in operational roles and LGBT and ethnic minority communities across all roles. These have remained well attended with positive feedback from delegates. As well as the benefits for attendees, feedback from our colleagues indicates that these sessions are providing positive experiences for personal development, with colleagues enthusiastic to act as role models.

The strategy outlines the benefits of diversifying our workforce and details the priority actions that we intend to progress. This includes improving our methods of attraction of candidates from all under-represented groups to the SFRS, engaging with local community groups to understand and address the potential barriers which may prevent such groups from considering a career with us, and supporting career development and networks for internal staff.

This strategy is due to be reviewed in 2022/23, to give a renewed focus through a more sustainable model of positive action supported by embedding our positive action initiatives across the organisation and our activities.

Our engagement with local community groups also allows us to discuss other matters that are important to them. This allows targeted prevention and protection interventions based on local community profiles and includes established Scottish Black, Asian and Minority Ethnic communities as well as responding to the very specific needs of Scotland's newest communities such as new migrants, refugees and asylum seekers. Commitment to increasing the diversity of our workforce profile continues with a re-energised Positive Action in recruitment campaign aimed at addressing the under-representation of Black, Asian and Minority Ethnic communities.

The ethnicity of our workforce can be found below. We are, however, aware that many employees choose not to share this information with us so these figures may under-represent what is already an under-represented group.

Ethnicity of Workforce as at 31 March 2022		
Ethnicity	Number	Percentage of total
White	4,582	59.31%
BAME	60	0.78%
Prefer not to say	24	0.30%
Not recorded	3,060	39.61%
Total	7,726	100%

Ethnicity of Workforce as at 31 March 2021		
Ethnicity	Number	Percentage of total
White	4,836	61.73%
BAME	57	0.73%
Prefer not to say	27	0.34%
Not recorded	2,914	37.20%
Total	7,834	100%

The strategy also aims to ensure our workplace is inclusive and allows our employees to be themselves at work. The introduction of the strategy has been supported by internal communications aimed at 'debunking the myths' to develop understanding of positive action and its intended purpose, as part of our long-term communications plan.

As a 'Disability Confident' employer the SFRS has made a commitment to create a workplace which is positive about disability where we have removed unfair discrimination and bias and where we encourage all employees to treat others equally. From the beginning of the employment journey within the SFRS, we ensure that the Equality Act 2010 is considered. Our Recruitment and Selection Policy is in place to ensure that all candidates are treated fairly and consistently within these processes and that the most suitable candidates are appointed using objective selection criteria and methods relevant to the post. This includes the provision of reasonable adjustments to the recruitment process being made for applicants who have disclosed any disability or specific learning difficulty at application stage.

Throughout employment, in creating the *'We are Positive About Disability - Guide to Reasonable Adjustments and Supporting Staff with a Disability'*, the SFRS demonstrates to all our employees, and prospective employees, that we

are committed to fulfilling our legal and moral obligations in being a diverse and inclusive employer. The inclusion of disability related information helps managers to consider the challenges faced by people, across a broad range of disabilities, including hidden disabilities, enabling them to create a much more inclusive and empowering workplace which values difference and diversity. This guidance is supported by a range of policies that promote fairness within employment including the Attendance Management Policy and the Capability Policy, both of which have recently been reviewed.

For those who have become disabled in employment and can no longer carry out their original role, our Redeployment Policy and supporting procedures ensures that all employees are treated in a fair and consistent manner and in accordance with relevant employment legislation.

Each of our employment policies and practices is assessed through our Equality and Human Rights Impact Assessment process to identify and respond to the different needs based on the protected characteristics defined in the Equality Act 2010. In addition to these characteristics, we also consider the impact of our corporate decisions on care experienced young people, people with caring responsibilities and those who experience social and economic disadvantage.

ABSENCE DATA

The tables below provide the data on the overall recorded absences by staff group for the two fiscal years 2020/21 and 2021/22, shown as percentages. Careful management of attendance gives us the tools to support our staff back to work, including in an amended capacity where appropriate and practicable.

The data below shows both long-term and short-term absences and illustrates an overall increase in absences over both years. Where there have been decreases between quarters, these are highlighted in green. The increases can partly be attributed to the impact of the pandemic which saw a large increase in both short and long-term absence.

The first reporting period covered lockdown, where there was less exposure to common seasonal ailments. During the second year of the pandemic (2021/22), we saw the highest number of absences since first recorded, due to the new

COVID-19 variant. This had a direct impact on both our long and short-term absences, as shown below. Throughout this period, we continued to provide a range of interventions aimed at supporting staff affected and these continued to be reviewed on a regular basis as the pandemic progressed.

To ensure the safety and welfare of employees, we maintain a focus on attendance management within the organisation. This is achieved by monitoring and providing monthly absence reports to internal stakeholders, which enables more effective people management, application of policies and procedures and access to early support for employees.

Further investment in employee health and wellbeing has continued with the provision of a 24/7 counselling service and post-incident support services, together with the programme roll out of mental wellbeing training being delivered by Lifelines Scotland throughout the Service.

Long-Term Absence 2020/21					Long-Term Absence 2021/22				
Staff Group	Q1	Q2	Q3	Q4	Staff Group	Q1	Q2	Q3	Q4
Wholetime	2.10%	1.59%	1.64%	1.23%	Wholetime	3.20%	3.04%	3.68%	3.17%
Retained	1.90%	1.63%	1.75%	2.36%	Retained	2.63%	2.78%	2.86%	2.77%
Volunteer	0.55%	0.69%	0.47%	0.00%	Volunteer	0.09%	1.09%	1.28%	2.13%
Control	5.45%	5.51%	4.19%	2.57%	Control	4.46%	9.10%	10.10%	8.45%
Support	3.60%	2.91%	2.62%	2.21%	Support	2.86%	3.11%	3.24%	2.95%

Short-Term Absence 2020/21					Short-Term Absence 2021/22				
Staff Group	Q1	Q2	Q3	Q4	Staff Group	Q1	Q2	Q3	Q4
Wholetime	2.21%	2.46%	2.87%	2.47%	Wholetime	1.43%	1.98%	3.84%	4.79%
Retained	0.64%	0.65%	0.65%	0.77%	Retained	0.58%	1.29%	1.71%	3.34%
Volunteer	0.16%	0.00%	0.08%	0.10%	Volunteer	0.06%	0.25%	0.39%	0.84%
Control	3.72%	6.87%	5.30%	4.71%	Control	2.79%	2.94%	5.91%	6.14%
Support	1.53%	1.23%	1.82%	1.29%	Support	0.73%	1.45%	2.11%	2.13%

ANTI-FRAUD AND CORRUPTION

The SFRS is committed to the Scottish Government's zero tolerance approach to fraud. All SFRS staff are required at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible.

The Chief Officer, in accordance with the SFRS Financial Regulations, is responsible for identifying and managing the risk of fraud and corruption, for ensuring that appropriate risk management, internal control and governance arrangements

are in place and for ensuring Best Value is achieved.

The Chief Officer will notify Internal Audit and the Chair and the Audit and Risk Assurance Committee of any relevant matters that arise and will make arrangements to keep records of and prepare and forward to Scottish Government an annual report on fraud and theft suffered by the Service notifying Scottish Government at the earliest opportunity of any unusual or major incident.



ROSS HAGGART
Interim Chief Officer

Scottish Fire and Rescue Service
26 January 2023



ACCOUNTABILITY REPORT

In this section of the report we set out:

Our Corporate Governance Report, including:

These sections contribute to our accountability to the Scottish Government and ensure we comply with good governance standards as set out within our [*SFRS Governance and Accountability Framework*](#).



DIRECTORS' REPORT

The Scottish Fire and Rescue Service (SFRS) presents its Annual Report and Accounts for the year from 1 April 2021 to 31 March 2022. The Accounts have been prepared in a form directed by the Scottish Ministers in accordance with Section 42A (1) of the Fire (Scotland) Act 2005 (inserted by section 118 of the Police and Fire Reform (Scotland) Act 2012), and in accordance with the Government Financial Reporting Manual (FRoM).

STATUTORY BACKGROUND

The Police and Fire Reform (Scotland) Act received Royal Assent on 7 August 2012, with responsibility for Police and Fire and Rescue Services transferring from local government to new central government Other Significant Public Bodies on 1 April 2013.

The SFRS is governed by the Fire (Scotland) Act 2005, amended by the Police and Fire Reform (Scotland) Act 2012. It is responsible for fire safety, fire-fighting, attending road traffic collisions and dealing with other types of emergency. The SFRS also works with partner agencies to be prepared for major emergencies and disruptive challenges.

CHIEF OFFICER AND BOARD MEMBERS:

Chair:	Kirsty Darwent
Deputy Chair:	Fiona Thorburn Bill McQueen (retired July 2021)
Chief Officer and Accounting Officer:	Martin Blunden (suspended following conduct allegations on 21 March 2022) Ross Haggart (appointed in Interim post from 21 March 2022)
Board Members:	Marieke Dwarshuis (retired July 2021) Primrose Stark (retired June 2021) Anne Buchanan (retired June 2021) Tim Wright Nick Barr Brian Baverstock Mhairi Wylie Malcolm Payton Lesley Bloomer Stuart Ballingall (joined July 2021) Steven Barron (joined July 2021) Angiolina Foster (joined July 2021) Paul Stollard (joined July 2021)

A full list of the company directorships and other significant interests can be found on the [SFRS website](#).

MEMBERS OF THE STRATEGIC LEADERSHIP TEAM:

Chief Officer and Accountable Officer:	Martin Blunden (suspended following conduct allegations on 21 March 2022) Ross Haggart (appointed in Interim post from 21 March 2022)
Deputy Chief Officer:	Ross Haggart (until 21 March 2022)
Director of Service Delivery:	Stuart Stevens
Director of Training, Safety and Assurance:	John Dickie
Director of Service Development:	Paul Stewart
Director of People & Organisational Development:	Liz Barnes
Acting Director of Finance and Contractual Services:	Sarah O'Donnell (took up secondment with another organisation from 12 April 2021)
Acting Director of Finance and Procurement:	John Thomson (appointed 12 April 2021)
Acting Director of Asset Management:	Iain Morris
Director of Strategic Planning, Performance and Communications:	Mark McAteer

Financial Performance

The format of the Accounts is set by the Government Financial Reporting Manual (FReM). One of the reporting requirements is that Grant in Aid (GiA) provided by the Scottish Government is included in the General Reserve of the Statement of Financial Position (SoFP) rather than in the Statement of Comprehensive Net Expenditure (SoCNE). All other income and expenditure is included in the SoCNE. The deficit for the period is transferred to the General Reserve and is funded by GiA held there.

The cash GiA drawn down in financial year 2021/22 was £310.838 million for both resource and capital purposes against a cash Departmental Expenditure Limit (DEL) budget of £319.138 million. The variance arose from variations in the working capital requirements due to changes in year-end creditors and accruals. Furthermore, additional non-cash budget of £3.7 million was provided by the Scottish Government to cover the re-classification of unissued PPE from Inventories to the Capital Budget.

The key measure of financial performance is the comparison of expenditure against the Departmental Expenditure Limit (DEL) funding provided by the Scottish Government. The Net Resource Expenditure variance for the year ended 31 March 2022 of £0.357 million relates to a combination of factors. There was a total underspend in Employee Costs of £0.235 million. Retained activity, impacted by COVID-19, accounted for an underspend of £2.076 million and challenges in filling support staff vacancies (also due to COVID-19) added a further £0.511 million. Wholetime Firefighter and Control costs however, accounted for an overspend of £3.573 million, due to the impact of COVID-19 on maintaining crewing levels and attending the COP26 climate summit which resulted in increased overtime costs. Other employee costs including subsistence, early retirement charges and adjustments for holiday pay accounted for the remaining underspend of £1.221 million in Employee Costs.

There was a total underspend of £0.222 million in Other Operating Charges, consisting of the following items. There was a saving of £0.445 million in Property Costs mainly due to the successful challenge of rateable values across the estate. Transport Costs also underspent by £0.576 million due to reduced travel, with COVID-19 being the most significant factor. Supplies and Services overspent by £0.948 million mainly in respect of increased communications and telephony costs, with Other Expenses accounting for the remaining £0.149 million underspend.

Furthermore, income was under-recovered by £0.063 million and there was a loss of £0.037 million on the disposal of assets.

Net Capital Expenditure reflects an overspend of £1.971 million on Capital DEL. This was fully authorised by the Scottish Government, following additional Capital funding becoming available from within the overall budget. This allowed the Service to invest in fleet and ICT and accelerate the West Asset Resource Centre project.

The SoFP shows net liabilities of £4.773 billion (£4.431 billion in 2020/21), an increase of £342 million. The significant difference between the two years is mainly due to actuarial losses of approximately £276 million experienced during 2021/22 (£274 million in 2020/21) in relation to the pension schemes that the SFRS participates in. The Net Interest Cost of IAS19 assets and liabilities was another significant factor, contributing £62 million to the total (£82 million in 2020/21).

The substantial value of net liabilities is mainly due to the inclusion of liabilities related to defined benefit pension schemes required by IAS19. These liabilities will fall due in future years and will be financed by grant funding from the Scottish Government. Budgets have been approved for financial year 2022/23 and there is no reason to believe that these approvals will not be granted in the future. These Accounts have therefore been prepared on a going concern basis.

The Accounts are prepared on an accruals basis, meaning transactions are matched to the period in which they occurred, not when physical cash transactions took place. This results in accounting adjustments, such as accruals and prepayments, and also in relation to pensions as required by International Accounting Standards (IAS) 19 – Employment Benefits. These are reflected in Total Comprehensive Net Expenditure before Grant from the Scottish Government of £653 million for financial period 2021/22 (Net Expenditure of £637 million in 2020/21), as shown in the Statement of Comprehensive Net Expenditure (SoCNE) in the Annual Accounts section of this document. The main factor contributing to the increase of £16 million between the two years is the impact of IAS 19 Pension Costs charged to the SoCNE.

The accounting policy on employee benefits is detailed in Note 1. The Remuneration and Staff Report provides detail of pension related benefits for senior employees. The most significant element is the impact of future pension liabilities which is explained further in Note 13 later in the Accounts.

The key risks relating to financial instruments (credit, liquidity and market risks) are discussed in Note 23.

Charging Policy

The primary statutory functions of the Scottish Fire and Rescue Service are set out in the Fire (Scotland) Act 2005 (“the 2005 Act”), as amended by the Police and Fire Reform (Scotland) Act 2012, as well as the Fire (Additional Function) (Scotland) Order 2005 (“the 2005 Order”). In summary, the SFRS is required to protect and prevent our communities from fire, enforce fire legislation, investigate fire and provide fire and rescue emergency response to our communities. No charges are levied as these services are funded through Scottish Government.

Charges may be levied for special services supplied by SFRS in line with the powers set out within the Fire (Scotland) Act 2005, Fire (Charging) (Scotland) Order 2005 and Fire (Additional Functions) (Scotland) Order 2005. Charges have been developed based on the expected actual cost of delivery to the SFRS, including overheads as per Scottish Government requirements.

Asset Management Strategy

As the fourth largest Fire and Rescue Service in the world we have an asset portfolio worth around £500 million comprising land and buildings, including 356 fire stations, 1,632 fleet vehicles and over one million items of operational equipment, all of which are critical to the effective delivery of services to our communities across Scotland.

SFRS play a significant collaborative role in supporting communities through joined up service delivery. Despite significant investment over the past nine years, there remains a substantial inherited backlog investment issue to enable all assets to achieve satisfactory ratings for condition and suitability.

In 2018 Audit Scotland recognised and reported a need for action in this regard and recommended in order to bring its property, vehicles, and other assets across Scotland up to a minimum satisfactory condition and maintain them over the next ten years, the SFRS requires an average annual investment of £80.4 million. The SFRS Property and Fleet estate requires critical investment so as to ensure that we have the right stations and vehicles fit for the 21st century to support evolving community risk.

The [Carbon Management Plan 2020-25](#) sets out our commitment to the environment and our environmental vision to be ‘a high performing, environmentally conscious

and responsible organisation through prevention, partnership, people and continuous improvement’. The Carbon Management Plan sets out in detail how we will approach carbon reduction over the next few years, as we work towards the Scottish Government’s ambitious target of net zero by 2045.

As stated, the SFRS has set a timescale to achieve Net Zero Carbon in line with Scottish Government requirements, however, we have insufficient funding for the projects identified in the Carbon Management Plan, with a total investment of £48.4 million required from 2020 to 2025, of which only £12.8 million has been received to date, therefore making it very unlikely we will meet targets within the identified timescales.

The Asset Management Department is in the process of developing a suite of Strategic Asset Management Plan (SAMP) documents for Fleet, Equipment, and Property services. An overarching Asset Management Strategy will accompany the SAMPs with an ambition for this to be accredited to the International Organization for Standardisation (ISO) 55001 Asset Management Standard.

The Asset Management Strategy will demonstrate that SFRS is working within the Scottish Government’s new Investment Hierarchy approach, as outlined in the Scottish Government’s [A National Mission with Local Impact Infrastructure Investment Plan](#) for Scotland 2021-22 to 2025-26. This will be achieved through demonstrating future need, maximising the life of existing assets as far as possible, seeking opportunities to co-locate, and seeking funding to replace and build new assets by considering the suitability and condition of our assets.

Communications

We have continued to deliver our Communications and Engagement Strategy and over the last year have focused our attention on some key projects.

COVID-19 communications and engagement was a significant strand of activity for the team in 2021 and focused on increasing staff accessibility to the latest information and updates. Communications is presently moving forward with a significant piece of work to improve our iHub and website with the aim of enhancing the provision of all key information for both staff and communities.

The Rewards and Recognition Scheme was launched in April 2022 following significant support from the Communications Team. Health and wellbeing have remained a priority with many initiatives supported and a wellbeing resource maintained on the intranet and SharePoint.

The team completed significant training with the Consultation Institute in 2020 and then notably delivered the Service's Long-Term Vision over the summer of 2021. A suite of assets was created and 20 social media posts issued with an overall reach of 330,000. While 532 stakeholders were engaged and 261 consultation responses received.

The UFAS consultation, launched earlier this year, was promoted through media content and more than 50 social media posts, while a dedicated web site page averaged around 300 views per week; 910 stakeholders were identified, engaged and informed and the consultation received more than 600 responses.

The team supported the Service and communities ahead of and throughout the major COP26 climate change conference staged in Glasgow in October and issued 150 social media posts which reached 800,000 people and signposted to key safety advice on our website while ensuring bonfire and fireworks related safety advice was effectively targeted and shared across all appropriate channels and mediums.

Seasonal Thematic Action Plans remain a key focus and communications has been working closely with partners to enhance water safety advice while continuing to promote the Make the Call campaign. Communications is working more widely with partners to enhance present warning and informing arrangements.

Equal Opportunities

Details of our Equal Opportunities policies and activities are included within the [Sustainability Report section](#).

Personal Data Related Incidents

During 2021/22, two personal data related incidents were reported to the Information Commissioner's Office (ICO). On review by the ICO it was recommended that no further action was required. There were no personal data related incidents in the previous year (2020/21).

Research and Development

Research, Development and Innovation (RDI) works across the Asset Management Service to ensure that the latest developments in appliances and equipment are assessed, evaluated and trialled. RDI has strong links to the National Fire Chiefs Council (NFCC) Research and Development Unit and to many other research, development, trials and evaluations organisations, ranging from the Home Office Science and Technology branch through to elements of the MOD research agencies.

Policy and Practice on Payment of Creditors

The SFRS terms and conditions for payment of suppliers is to pay suppliers within 30 days of the invoice date. Analysis of our performance during 2021/22 shows that 98% of invoices were paid within this timescale (97% in 2020/21).

Independent Auditor and Professional Advisers

Under the Public Finance and Accountability (Scotland) Act 2000, auditors are appointed by the Auditor General. Deloitte LLP has been appointed to carry out this duty for the year ending 31 March 2022.

Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the SFRS auditor is not aware. The Directors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the SFRS auditor is aware of this information.

The auditor's remuneration for providing statutory audit services for financial period ending 2021/22 is £0.114 million (£0.106 million in 2020/21). No non-audit services were provided in this period.

Auditor

Deloitte LLP, 110 Queen Street, Glasgow, United Kingdom, G1 3BX

Actuaries

Barnett Waddingham LLP
163 West George Street,
Glasgow, G2 2JJ

Hymans Robertson
20 Waterloo Street,
Glasgow, G2 6DB

Mercer, Exchange Station,
Tithebarn Street,
Liverpool,
L2 2QP

Government Actuary's Department (GAD),
Belford House, 59 Belford Road,
Edinburgh,
EH4 3UE

Banking

The SFRS operates within the Scottish Government banking contract with the Government Banking Service (GBS), which is a shared banking service for government departments.

The main banks used by the SFRS within the GBS are Royal Bank of Scotland and National Westminster Bank (part of the Royal Bank of Scotland Group).

Bankers

Royal Bank of Scotland,
PO Box 51,
36 St Andrews Square,
Edinburgh,
EH2 2AD

Royal Bank of Scotland,
London Corporate SC,
PO Box 39952,
21/2 Devonshire Square,
London Corporate SC,
EC2M 4XJ

National Westminster Bank,
London Corporate SC,
CPB Services,
2nd Floor, 280 Bishopsgate,
London,
EC2M 4RB

Contact Us

We appreciate all comments and will ensure all feedback is kept confidential.
Scottish Fire and Rescue Service Headquarters, Westburn Drive, Cambuslang, G72 7NA.

Accountable Officer: Organisation:

Ross Haggart
Interim Chief Officer

Scottish Fire and Rescue Service
26 January 2023



STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

Under the Police and Fire Reform (Scotland) Act 2012, the SFRS is required to prepare Annual Accounts for each financial period in the form and on the basis determined by the Scottish Ministers. The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SFRS and of its income and expenditure, recognised gains and losses and cash flows for the financial period.

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

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

In addition, the SFRS has general responsibility for taking such steps as are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

Scottish Ministers have appointed the Chief Officer as the Accountable Officer for the SFRS.

The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding SFRS' assets, are set out in the Memorandum to Accountable Officers for Other Public Bodies issued by the Scottish Government and published as part of the Scottish Public Finance Manual.

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

Accountable Officer: Organisation:

Ross Haggart
Interim Chief Officer

Scottish Fire and Rescue Service
26 January 2023



GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Accountable Officer, I have responsibility for maintaining a sound system of internal control, risk management and corporate governance that supports the achievement of the Scottish Fire and Rescue Service's (SFRS) policies, strategic aims and objectives, and that the systems have been in place for the year under review and up to the date of approval of the annual report and accounts; whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

I am also responsible for ensuring that the SFRS is administered prudently and economically and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the Principal Officers Memorandum to Accountable Officers of Other Public Bodies.

The SFRS Corporate Governance Framework

Members of the Board are appointed by the Scottish Ministers in line with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland. During the first quarter of 2021/22 the SFRS Board ('the Board') comprised of twelve Non-Executive Members including the Non-Executive Chair up until June 2021 when two Board members retired. During July 2021, two further Board members retired, however, following a successful public appointments process, four new Board members were appointed maintaining a composition of twelve Non-Executive members on the Board.

The Board

The SFRS Board is responsible for providing strategic direction, support and guidance to the SFRS, ensuring it discharges its functions effectively and that Ministers' priorities are implemented. The [***SFRS Governance and Accountability Framework***](#) document sets out these responsibilities in detail, along with the formal relationships between the SFRS and the Scottish Ministers and Officials. The Board discusses, debates

and makes decisions in many areas and focuses on:

- the quality of the service being delivered and how this can be improved
- strategic decisions, including key areas for future development
- financial position and organisational performance, to ensure that the SFRS is in line with its targets and statutory obligations.

The Board has approved Standing Orders and a Scheme of Delegations (incorporating matters reserved to the Board) that outline the responsibilities for the Board, Chief Officer and SLT on key issues such as governance and financial transactions. All staff are required to comply with the requirements set out in these documents and they are reviewed annually and [***approved by the Board***](#).

During 2021/22, the COVID-19 pandemic placed an unprecedented and dynamic set of challenges on individuals and organisations across the UK and beyond, the SFRS Board followed national guidelines, which impacted on how they conducted business over this period. The Board however

continued to meet using digital technology and met nine times in public and made the minutes and papers of these meetings available on the [SFRS website](#). This has also developed with advancements in our technology systems with the first recorded meeting of the Board published in **March 2021**. The Board also conducted five meetings in private during this reporting period. Further to this, thirteen Board Strategy / Development / Information Days were held to support the effective and positive working relationships between the Board and Strategic Leadership of the Service. These continue to inform the Board of key strategies, projects, work streams and organisational workloads and allow the Board the opportunity to engage at a Strategic level.

KEY HIGHLIGHTS OF THE BOARD DECISIONS DURING 2021/22:

- Approved the Annual Governance Review of Board and Committee Related Items to ensure the continued effectiveness of the governance arrangements of the SFRS Board and its Committees.
- Approved Internal Audit Plan 2021/22 which sets out a timetable of the main reviews of key activities during 2021/22 that are intended to assist in ensuring effective governance and monitoring arrangements within SFRS.
- Approved Annual Operating Plan 2021/22.
- Approved the Procurement Strategy 2021-24.
- Approved the Performance Management Framework.
- Approved the final draft Long Term Vision for consultation "SFRS our Future: Your Service".
- Approved the Annual Procurement Report for the Period 1 April 2020 to 31 March 2021.
- Approved the Annual Performance Review Report 2020/21 (private meeting).
- Approved Board Forward Plan Schedule 2022/23 for all Board and Committee meetings.
- Approved the revised SFRS Long Term Strategic Vision.
- Approved the Risk Management Policy.
- Approved the Anti-Fraud and Corruption Policy.
- Approved the Draft Annual Report and Accounts 2020/21 and authorised the Chief Officer, as the Accountable Officer, to sign and submit this on behalf of the Service.
- Approved the implementation of the New Automatic Fire Alarm Strategy.
- Approved the Gaelic Language Plan 2022-25, subject to minor amendment.
- Approved the increased West Asset Resource Centre Project Funding Level.
- Approved the Budget Strategy 2022/23 which outlines the approach to developing both Resource and Capital budgets, within the context of the Scottish Government's budget proposals.
- Approved the Resource Budget 2022/23.
- Approved the Capital Programme 2022/23 – 2024/25.
- Approved the SFRS Charging Policy – April 2022.

Board Members

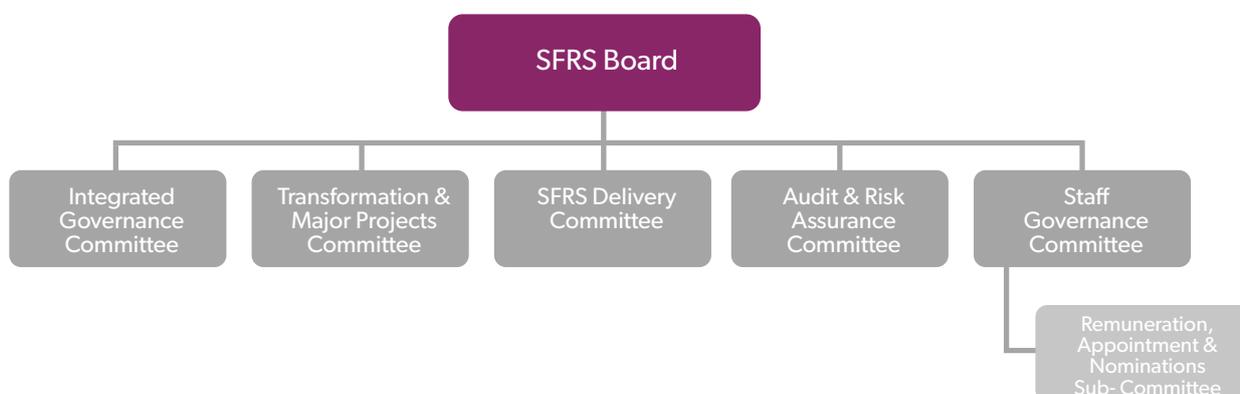
The biographies and interests of Board Members can be found on the [SFRS website](#). The SFRS Board meetings attended online by Members during 2021/22 are detailed in the following table:

Name of Board Member	Number of meetings attended in year	Possible*	Name of Board Member	Number of meetings attended in year	Possible*
Kirsty Darwent (Chair)	8	9	Nick Barr	9	9
Fiona Thoburn (Deputy Chair)	8	9	Brian Baverstock	9	9
Bill McQueen (Deputy Chair) (retired July 2021)	3	3	Mhairi Wylie	9	9
Marieke Dwarshuis (retired July 2021)	3	3	Malcolm Payton	9	9
Primrose Stark (retired July 2021)	3	3	Lesley Bloomer	9	9
Anne Buchanan (retired July 2021)	1	3	Stuart Ballingall (joined July 2021)	6	6
Tim Wright	8	9	Steven Barron (joined July 2021)	6	6
			Angiolina Foster (joined July 2021)	6	6
			Paul Stollard (joined July 2021)	6	6

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)

Committee Structure and Coverage

During 2021/22 the Board had a Committee structure comprising four standing Committees and one Sub-Committee, together with an Integrated Governance Forum. Each of these Committees/Forum have a Terms of Reference, which were reviewed and approved at the [April 2021 Board meeting](#).



Audit and Risk Assurance Committee (ARAC)

The ARAC scrutinises the systems and processes for governance, internal control and risk management and provides assurances on their effectiveness to the Board and Accountable Officer.

The ARAC comprises five Non-Executives Members and during 2021/22 met five times in public. The Chair of the Committee is Brian Baverstock. Following a review of Committee Structures and in line with best practice in refreshing membership, following the retiral of Bill McQueen in July 2021, he was replaced by new Board member, Paul Stollard.

Representatives from the external and internal auditors attended all meetings and met separately in private with Committee Members. The Accountable Officer and the Acting Director of Finance and Procurement attend the ARAC, along with other Senior Managers as appropriate. Representatives from Her Majesty's Fire Service Inspectorate (HMFSI) were also invited to attend and to provide their Annual Report.

Based upon the work of the Committee during the period under review and the assurances received, the Committee concluded that the SFRS has effective risk management, governance and internal control arrangements in place. The Committee also concluded that it is not aware of any issues of significant concern that should be brought to the attention of the Board and the Accountable Officer.

Further highlights of the ARAC's work during 2021/22 can be found in [their Annual Report](#). The table below outlines ARAC meetings and Board Member attendance during 2021/22:

Name of Board Member	Number of meetings attended in year	Possible*
Brian Baverstock (Chair)	4	4
Lesley Bloomer (Deputy Chair)	4	4
Tim Wright	4	4
Mhairi Wylie	4	4
Bill McQueen (Deputy Chair) (retired July 2021)	2	2
Paul Stollard (joined July 2021)	4	4

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)

Change Committee: Strategic Change and Major Projects (CC)

The CC (previously known as the Transformation & Major Projects Committee) provides oversight and direction on the development and achievement of the Transformation Programme and Benefits Realisation Plan.

The CC comprises five Non-Executive Members and during 2021/22 met four times in public. The Committee Chair is Fiona Thorburn. The Deputy Chief Officer, Director of Service Development and other senior managers were invited to attend the meetings as appropriate.

The Committee monitored progress of major projects such as the Command and Control Mobilising System; People, Training, Finance and Assets Systems; McDonald Road Refurbishment; West Asset Resource Centre; Emergency Services Network/Emergency Services Mobile Communication Programme; as well as transformation projects such as Service Delivery Model Programme; Safe and Well; and Out of Hospital Cardiac Arrest.

The risk tracking and risk monitoring for individual projects was further developed, with a view to gaining better insight of risks that may affect the delivery of the Programme while the methodology for benefits mapping also continued to be developed. Evaluation reports were produced which highlighted lessons identified and learned for review and reflection within new projects.

Following the creation of a Service Development directorate this will provide Executive leadership and oversight regarding the change portfolio and how it is managed. The appointment of a new Head of Portfolio Office will also provide clear direction and focus in terms of the Portfolio Office.

Further highlights of the CC's work during 2021/22 can be found in their [Value Added Statement](#).

The table on next page outlines CC meetings and Board Member attendance during 2021/22:

Name of Board Member	Number of meetings attended in year	Possible*
Fiona Thorburn (Chair)	4	4
Brian Baverstock (Deputy Chair)	4	4
Marieke Dwarshuis (Deputy Chair) (retired July 2021)	1	1
Nick Barr	4	4
Mhairi Wylie (joined July 2021)	1	1
Stuart Ballingall (joined July 2021)	2	3
Angiolina Foster (joined July 2021)	3	3

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)

Service Delivery Committee (SDC)

The SDC was formed in April 2017, it is now an established Committee playing a key part of the governance framework of the organisation. The overall purpose of the SDC is to scrutinise, monitor and review performance, and provide assurances to the Board relating to the quality of Service Delivery nationally through operational efficiency and effectiveness, operational safety, and delivery of approved Prevention & Protection and Operations strategies.

The SDC comprises five Non-Executive Members and during 2021/22 met four times in public. The Committee Chair is Nick Barr. The Deputy Chief Officer, Director of Service Delivery and Director of Training, Safety and Assurance as well as other Senior Managers were invited to attend the meetings as appropriate.

It is worthy of highlighting for background, that the SDC scrutinised all action plans relating to Her Majesty's Fire

Service Inspectorate (HMFSI) inspection reports until July 2020. This approach changed at this time whereby it was agreed that HMFSI would only report to the Audit and Risk Assurance Committee, this still stands and they attend on a quarterly basis. However, following the appointment of a new HMFSI Chief Inspector of the SFRS, Robert Scott QFSM in 2021, a revised approach to business was agreed with HMFSI and both the Chair of the Board and the Chair of the SDC, whereby it was decided that HMFSI should also now attend the SDC, primarily to monitor progress against the SDC aligned HMFSI action plans, but also from a general Service Delivery business perspective across the Service.

At each meeting, the Committee received a revised Service Delivery Update report from the Deputy Chief Officer. This comprehensive report outlines updates of key points of work from the Service Delivery Directorate and the Training, Safety and Assurance Directorate over the previous quarter.

Further highlights of the SDC's work during 2021/22 can be found in their [Value-Added Statement](#).

The table below outlines SDC meetings and Board Member online attendance 2020/21.

Name of Board Member	Number of meetings attended in year	Possible*
Nick Barr (Chair)	4	4
Tim Wright (Deputy Chair)	4	4
Lesley Bloomer	3	4
Malcolm Payton	4	4
Fiona Thorburn (joined July 2021)	1	1
Angiolina Foster (joined July 2021)	2	3

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)

People Committee (PC) and Remuneration, Appointments & Nominations Sub-Committee (RANSC)

The PC provides strategic advice and direction on matters affecting employees and ensures that staffing and remuneration arrangements support the strategic aims and objectives of the SFRS and reflect best practice. The PC comprises five Non-Executive Members and during 2021/22 met four times in public. The Chair of both PC and RANSC was Primrose Stark until she retired in June 2021, at which point Board member Mhairi Wylie took over the Chair of the PC and Board member Fiona Thorburn took over Chair of the RANSC. Please note due to the retiral of Board Member Sid Patten in October 2020 the Committee consisted of only four members up until the appointment of our new Board Members in July 2021. It was at this time the PC was put back up to the full establishment of five members, with new Board members, Paul Stollard and Steven Barron, joining the PC.

The overall purpose of the RANSC is to offer guidance, support and recommendations to the Board and Chief Officer, in relation to matters of remuneration, appointments, nominations and negotiations. The RANSC comprises five Non-Executive Members, which as part of the Annual Governance review in April 2021 was increased from four to five Members as approved by the Board, and during 2021/22 met four times in private. The membership changed in June/July 2021 with Board member retirements as detailed in the table below.

The business which comes before the PC does not vary significantly from year to year and is primarily intended to obtain assurances on behalf of the Board, who are the statutory employer of all SFRS staff, regarding matters affecting employees. The RANSC formally report to the PC after each meeting. Monitoring of People and Organisational Development (POD) and Training, Safety and Assurance (TSA) Directorate progress and performance and Committee Forward Plan feature regularly on the PC agenda and these enable future work priorities to be set.

The success of any organisation is critically related to the commitment and skill of its employees, and to its adherence to the culture and values it espouses. These in turn are underpinned by the policies and procedures it has in

place, the arrangements and opportunities for learning, training and development of staff so they may attain their full potential, and the quality of engagement and relations between the organisation and its representative bodies. The work of the PC and its RANSC seeks to assist me within my role as the Accountable Officer, the POD Director and her team together with the SLT to plan and deliver effective policies and actions in this regard and to provide appropriate assurance to the Board accordingly.

Further highlights of the PC's and RANSC's work during 2021/22 can be found in their [Value Added Statement](#).

The table below outlines PC meetings and Board Member attendance during 2021/22:

Name of Board Member	Number of meetings attended in year	Possible*
Primrose Stark (Chair) (retired June 2021)	1	1
Anne Buchanan (Deputy Chair) (retired June 2021)	1	1
Bill McQueen (retired July 2021)	1	1
Mhairi Wylie (Chair, joined July 2021)	3	3
Steven Barron (Deputy Chair) (joined July 2021)	3	3
Malcolm Payton	4	4
Fiona Thorburn	3	3
Paul Stollard (joined July 2021)	3	3

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)

The table below outlines RANSC meetings and Board Member attendance during 2021/22:

Name of Board Member	Number of meetings attended in year	Possible*
Primrose Stark (Chair) (retired June 2021)	1	1
Bill McQueen (Deputy Chair) (retired July 2021)	1	1
Marieke Dwarshuis (retired July 2021)	1	1
Anne Buchanan (retired June 2021)	1	1
Fiona Thorburn (Chair) (joined June 2021)	4	4
Steven Barron (Deputy Chair) (joined July 2021)	3	3
Kirsty Darwent	4	4
Mhairi Wylie (joined June 2021)	4	4
Stuart Ballingall (joined July 2021)	3	3

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)

Integrated Governance Forum (IGF)

The IGF was formed in June 2017, initially termed as a group and until March 2020 a standing Committee of the Board, however following a review a decision was made to establish this as a Forum and use this as a basis for all Committee Chairs to meet regularly. Chaired by the Chair of the Board and made up of the Chair of all the Committees it continues to provide assurance to the SFRS Board that issues identified in specific governance Committees are discussed across the Board, thereby ensuring a joined-up approach to corporate governance.

The Forum comprises five Non-Executive Members and during 2021/22 met four times. The Chief Officer and other Senior Managers were invited to attend the meetings as appropriate.

Good examples of Common Themes and Areas of Overlap included Service Delivery Committee and People Committee linking together to distinguish the different elements of both clinical governance and operational training, thereby removing duplication of work and ensuring the appropriate scrutiny was being undertaken. The Forum recognised the importance of having an increased focus on risk to better inform decision making/scrutiny. The Chief Officer assured IGF that the correct level of information was contained within the risk register to allow sufficient scrutiny with some minor adjustments made to enable more effective oversight by Committees. The continual evolution to ensure good governance and the appropriate level of scrutiny/focus by the Committees/Board was also recognised.

A business process map had been developed which detailed the procedure for inspections and audits and how the recommendations were actioned appropriately following due diligence.

With the appointment of new Internal Auditors, IGF considered the Service's expectations of them. The procedures already in place would be reviewed and any necessary improvements made to ensure the Internal Audit role was fulfilled appropriately.

Feedback was sought around the lessons learned from the COVID-19 pandemic in relation to the way in which the Board/SLT operate in times of uncertainty. As part of the Reset and Renew Phase, Board members completed a survey which captured feedback from a Board and governance perspective. Outcomes would be discussed further with the wider Board at a Strategy Day session.

During Committee workshops where their purpose, responsibilities and general business were reviewed, the consensus was that the IGF provides a required and valuable platform. The examples set out above demonstrate the benefit of having the Chairs of the Committees meet formally to ensure a joined-up approach to corporate governance and ensure continuous improvement across the Service.

The table below outlines IGF meetings attended by Members during 2021/22:

Name of Board Member	Number of meetings attended in year	Possible*
Kirsty Darwent (Chair)	4	4
Fiona Thorburn (Deputy Chair)	3	4
Nick Barr	4	4
Brian Baverstock	4	4
Mhairi Wylie	4	4

(* Note that the number of meetings within 'Possible' column to attend by Members is dictated by when they joined or retired.)

Review of Board Effectiveness

The Board continues to be committed to developing its capacity and capability to be effective, and ensures that its performance, as well as the performance of individual Committees and individual Board Members is regularly reviewed.

Further highlights that demonstrate the Board's commitment to improving their effectiveness throughout 2021/22 can be found in the annual report [on our website](#).

In summary, collectively and through the detailed variety of examples within the report it clearly demonstrates that progress continues to be made to improve the overall effectiveness of the Board.

In addition to this work and over this period our [SFRS Good Governance Framework](#) was developed and approved by the Board in April 2022. This work builds on our Code of Corporate Governance ('the Code') and outlines our continued commitment to upholding high standards of corporate governance by setting out the principles and supporting characteristics being applied to ensure we are achieving our intended outcomes while acting in the public interests at all times. This new Framework will continue to be a living document and evolve as we strive to continually improve in everything we do. Importantly, it embodies and supports our values of Safety, Teamwork, Respect and Innovation.

As Accountable Officer, I am therefore confident we comply with good governance standards as set out within our SFRS [Governance and Accountability Framework](#) demonstrating our continued commitment to delivering our intended outcomes in the best possible manner.

Risk Management Framework

The ARAC advises the Board and the Accountable Officer on the effectiveness of strategic processes for risk management and internal controls. During 2021/22, quarterly written and verbal reports to the ARAC and periodic reports from the Chair of the ARAC to the Board, provided assurance that appropriate systems of risk management and internal control were in place.

The SFRS recognises that it cannot eliminate the risk of disruption to its Service Delivery and that a residual level of risk will always remain. However, the risk management framework has been developed to minimise the likelihood and impact of risk causing disruption to SFRS strategic and operational activities.

The diverse range of services provided by SFRS is impacted by an ever changing and challenging environment, presenting internal and external pressures. The SFRS is committed to a fully integrated risk management framework, managing and scrutinising these pressures/exposures ensuring the successful achievement of key priorities.

The aim of the SFRS is to be risk aware, allowing innovation and aspiration, whilst actively managing risk through a range of measures to ensure key priorities are met. The risk framework, based upon the principles of the International Standard in Risk Management ISO 31000, establishes a consistent and effective framework integrated within the governance and assurance arrangements of the SFRS.

The focus throughout 2021/22 was the continued development of a risk aware culture, providing additional assurance to scrutiny bodies. The new risk register and associated reports assist the Service's governance processes providing scrutiny bodies with a greater understanding of the actions in place to mitigate risk and Directorates with a management tool better suited to monitor and report on risk.

The management of risk is fully embedded throughout the Service, forming an integral element of all Committees and Executive Boards. Early engagement with the Board, SLT

and Directorates ensures the framework is effectively used to inform the decision-making process, allowing the Service to present a fair and reasonable reflection of the most significant risks impacting upon its operations.

Maturing the risk framework, allowing the Service to effectively consider and manage emerging risks and challenges, will further strengthen our governance process. However, the risk management framework is only one of the many governance tools available. Other important aspects are:

- Internal and External Audit
- Business Planning
- Financial Management
- Fraud Policies and Procedures
- A Procurement Framework
- Human Resources
- Health, Safety and Wellbeing
- Information Governance
- Operational Assurance

The outcome of the risk and governance framework is an awareness of those risks with the potential to impact upon the intended outcomes of the Service. Where the risk management framework provides a single consistent approach to the identification, assessment and reporting of risk across the Service, it is the Strategic Risk Register that captures and articulates them.

Strategic Risk Register

The most significant risks identified by the SFRS are reported through the Strategic Risk Register with escalation processes ensuring that Directorate and Project Registers support and inform the Strategic Risk Register. Prioritisation of each risk is undertaken in line with the SFRS's risk assessment matrix, with guidance provided to staff around probability and likelihood ratings.

Individual meetings with Board Members, SLT and members of the Senior Management Board (SMB) have shaped the Register, further increasing awareness and ownership of risk across the SFRS.

The Strategic Risk Register update report to ARAC in March

2021 outlined nine overarching strategic risks and 48 aligned Directorate risks.

The Strategic Risk Register is also aligned to the SFRS 2019-22 Strategic Plan, its four outcomes and related objectives, reflecting the service values and strategy and ensuring our work supports the ten priorities outlined within the Fire and Rescue Framework for Scotland 2016.

The nine Strategic Risks are outlined below and follow a formal review by the SLT:

1. Ability to improve the safety and well-being of people throughout Scotland through the delivery of our Services.
2. Ability to reduce the number of unwanted fire alarm signals and associated occupational road risk.
3. Ability to collaborate effectively with partners and communities, to enhance service delivery and best value.
4. Ability to ensure legal and regulatory compliance.
5. Ability to have in place a suitably skilled, trained and motivated workforce that is well supported both physically and mentally.
6. Ability to have in operational use the necessary assets, equipment, supplies and services to enable the smooth running of the organisation, that exploit available technologies and deliver public value.
7. Ability to deliver a high quality, sustainable service within the funding envelope.
8. Ability to anticipate and adapt to a changing environment through innovation and improved performance.
9. While COVID-19 remains a threat to health, the ability of SFRS to protect staff, partners and the public while meeting service delivery demands.

Strategic risks will be managed collectively by the SLT with individual Directors identified as risk owners. The Strategic Risk Register is supported by relevant Directorate Registers detailing actions still required to further mitigate individual risks by identified responsible officers.

Scrutiny and assurance as to the adequacy and effectiveness of controls is undertaken through quarterly reporting to the ARAC and the SLT, and annually through the SFRS Assurance Framework. To ensure a consistent approach,

additional reporting to Committees of the Board, and Executive Boards, will continue to be undertaken where deemed appropriate through spotlighting specific strategic risks. This consists of specific risks being selected from the register by the Committee or Executive Board and then presented through a combination of written or verbal report thus enabling scrutiny bodies to ask questions and seek assurance that all attempts are being made to mitigate these risks wherever possible.

Review of Effectiveness of Risk Management and Internal Control

As Accountable Officer, I am responsible for reviewing the effectiveness of systems of risk management, internal control and corporate governance. My review is formed by many sources, and includes the work of the Executive Directors, the ARAC, and the views of the organisation's internal and external auditors, as well as the outcomes of inspection work carried out by independent bodies such as HMFSI, Audit Scotland and Gateway Reviews. The key findings of the review are outlined below.

Assurance Framework

The SFRS Assurance Framework, provides a structured means of identifying and mapping the main sources of assurance in the organisation, and co-ordinating this evidence to provide an overall opinion of the adequacy and effectiveness of the SFRS's risk management, and internal control arrangements.

A significant amount of work was completed over the last couple of years with all recommendations from previous audits being fully incorporated into the SFRS Assurance Plan and reported back through the Internal Audit team and ARAC. This work also confirmed that the assurance mapping exercise has evolved and matured to ensure robust governance and internal control measures, aligning to the Scottish Public Finance Manual (SPFM). The overall framework has strengthened our governance arrangements through the introduction of a formal Policy for Preparing the Annual Governance Statement (AGS) on behalf of the Accountable Officer. Together with the dedicated e-learning training programme, Improvement Action Plans, and Executive monitoring through our Good Governance Board. This additional monitoring increases the level of scrutiny and assurance I can give as Accountable Officer as part of our continuous improvement and prior to being put before the ARAC.

As a result of these improvements, our risk-based assurance plan was followed, to ensure that the assurance evidence being gathered and assessed was focused on the most appropriate areas of the SFRS. Prior to its implementation, the assurance plan was considered by the ARAC at its meeting held on 30 March 2022. The evidence gathered and assessed was rated using the same categories adopted by our Internal Auditors (Substantial, Reasonable, Limited and Insufficient). The Assurance Framework was also subsequently reviewed at this meeting as part of the paper submitted in relation to the 'Arrangements for Preparing the AGS', with some minor amendments suggested by the Committee, all of which have now been actioned accordingly. Scottish Government engagement ensured the SFRS Assurance Framework and internal control checklist remained consistent with the Scottish Public Finance Manual. The Service engaged early in 2022, identifying changes to the checklist and incorporating these within the SFRS Assurance Framework.

To ensure increased governance and assurance around potential fraud activities within SFRS all Heads of Function are required to complete a Fraud Risk Assessment of their function and provide details of any areas that have been identified as having risk of fraud. Risk ratings were provided for each risk and any actions to be taken to mitigate the risk were identified. Further training and input on this process was provided to assist Heads of Function in identifying further potential fraud considerations and to ultimately ensure risks are mitigated where possible. In addition, there is a Whistleblowing Policy to allow staff to voice any concerns about illegality, malpractice, wrongdoing or serious failures of work standards. Events reported were dealt with using other internal policies.

Following receipt of the Certificates of Assurance from all the Directors I can report that there are no significant matters that have been identified and I can therefore provide assurance that effective and standardised systems of control are in place and operating effectively. Accordingly, any necessary action will be taken by responsible managers to ensure continuous improvement is made in areas of development that have been identified during this process, and adequately addressed to enhance the effectiveness of our risk management and internal control arrangements. These areas of further development are fully captured within the Improvement Actions Plans (IAP) which are centrally stored within the Chief Officer Business Support SharePoint site and link where appropriate to Strategic and Directorate Risk Registers, building into our business as

usual process. It is the responsibility of the Heads of Function to ensure quarterly update on IAP progress by exception reporting on a quarterly basis to the Good Governance Board and ensure evidence against the areas highlighted is readily available should this be required for further scrutiny by Internal / External Audit or ARAC. This gives me, as Accountable Officer, great comfort that we have robust processes in place, that remain under continual review.

Audit and Risk Assurance Committee

The ARAC provides an Annual Report to the Board and Accountable Officer, summarising its evaluation of the SFRS’s risk management, governance and internal control arrangements. The ARAC has submitted its Committee Annual Report based upon the work it conducted during 2021/22 and believes the SFRS has effective risk management, governance and internal control arrangements in place that are sufficient to give me, as the Accountable Officer, the necessary assurance in relation to the preparation of this Annual Governance Statement.

Internal Audit

Internal Audit activity was undertaken in accordance with [UK Public Sector Internal Audit Standards \(PSIAS\)](#), the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF) and also with the standards set out in the [Scottish Public Finance Manual \(SPFM\)](#). These standards require Internal Audit to provide an objective opinion supported by sufficient, reliable and relevant evidence.

The overall assurance provided by Azets in undertaking internal audit activity is set out in the [Scottish Fire and Rescue Service Internal Audit Annual Assurance Statement 2021/22](#).

Azets concluded: *“In our opinion, the Scottish Fire and Rescue Service has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives.”*

The table below provides a summary of the conclusions of individual audits undertaken in 2021/22:

Review	Control objective assessment	No. of issues per grading				Control objective assessment definitions:	
		4	3	2	1	Colour	Meaning
B1. Learning and Development		-	-	-	2		Fundamental absence or failure of key controls
C3. Fire Safety Enforcement		-	2	-	1		Control objective not achieved – controls are inadequate or ineffective
C4. Portfolio Office		-	5	2	-		Control objective achieved – no major weaknesses but scope for improvement
C5. Environmental Sustainability		-	-	1	1		Control objective achieved – controls are adequate, effective and efficient
D4. Remote Working		-	-	5	-		Control objective achieved – controls are adequate, effective and efficient
E2. ICT and Data Security Follow Up	NA	Gradings are not applicable					Control objective achieved – controls are adequate, effective and efficient
H1. Fire Kit Investigation	NA	-	3	3	1		Control objective achieved – controls are adequate, effective and efficient

The approved SFRS audit programme for 2021/22 was completed and Internal Audit are able to provide SFRS with a Reasonable Assurance in respect of SFRS’ risk management, control and governance arrangements.

External Audit

The Auditor General for Scotland appointed Deloitte LLP as auditors to the SFRS covering the 12-month period ending 31 March 2022.

Deloitte LLP presented [*their final report*](#) to the Audit and Risk Assurance Committee for the 2020/21 audit issuing an unmodified audit opinion.

A Planning Report, submitted by Deloitte LLP to the ARAC on 30 March 2022, communicated the audit activity to be undertaken for the SFRS for the period 2021/22. The conclusions of the Audit were reported to ARAC in January 2023 and can be found on our website.

Her Majesty's Fire SFRS Inspectorate (HMFSI)

The SFRS has a duty under the Fire (Scotland) Act 2005 to have regard to any report given to it by HMFSI and, having had regard to it, to take such action as it thinks fit. During the period under review, HMFSI published local area and thematic inspection reports. Further detail can be found on the [*Scottish Government's website*](#).

HMFSI continue to present quarterly progress reports, presented by the Chief Inspector or nominated representative, at every ARAC meeting during 2021/22. The report allows for monitoring of general progress against the HMFSI inspections and reporting activity. Our response to the recommendations and other key findings from the inspection reports published during 2021/22 continue to be monitored through robust governance arrangements with oversight and scrutiny of this work by the ARAC providing assurance at Committee level through to the Board.

These mechanisms form part of SFRS's broader corporate governance arrangements and ensure that we are continuing to fully meet our statutory obligation by giving due regard to HMFSI inspection reports, and acting to continuously improve and transform the services we deliver to the communities of Scotland. As detailed earlier, HMFSI is now also an attendee at the quarterly SDC meeting.

Executive Directors

Executive Directors have responsibility for the development and maintenance of the risk management and internal control arrangements within their area of responsibility. They provide me as 'The Accountable Officer' with a Certificate of Assurance covering a self-assessment of areas. The Directors, in turn receive individual Certificates of Assurance, and the actual supporting Internal Control Checklists themselves, from their Heads of Function together with relevant Improvement Action Plans. Fraud Risk Action plans are also produced to address areas of potential fraud risk identified. Where applicable, Improvement and Fraud Risk Action Plans will be reported to the Good Governance Board and ARAC by exception during 2022/23 to ensure continuous improvement against identified areas.

Following allegations relating to Chief Officer Martin Blunden in March 2022, Deputy Chief Officer Ross Haggart took on the role of Accountable Officer and Interim Chief Officer while an investigation took place. While the result of this investigation is confidential, Mr Blunden resigned from the Service on 31 August 2022. Mr Haggart will continue as Accountable Officer and Interim Chief Officer while a process to fill the post on a permanent basis will take place during the latter part of 2022/23. The Service has continued to demonstrate strong leadership during this period.

Significant Issues

My review confirms that overall the SFRS has a proven and sound system of risk management and internal control arrangements in place that supports the achievement our strategic aims and objectives which is underpinned by our robust policies and procedures. No significant issues during 2021/22 have been identified.

The decision has been made to terminate a contract due to the failure of a supplier to perform their contractual responsibilities, in addition to financial difficulties that they are currently experiencing. The work is of a capital nature and an impairment will be required, which has been estimated at £5.2 million. This is not considered to be material and no financial adjustment is required in the 2021/22 financial statements. Other than this, there are no significant events affecting the SFRS which have occurred since the end of the financial year.

As part of our on-going work and our commitment towards continuous improvement, where we have identified areas for development in both our risk and fraud management and internal controls arrangements, these will be addressed through specific Improvement Action Plans, for relevant managers where appropriate.

Accountable Officer: Organisation:

Ross Haggart Scottish Fire and Rescue Service
Interim Chief Officer 26 January 2023



REMUNERATION AND STAFF REPORT

The sections marked “*” in this Remuneration Report have been audited by the SFRS’s external auditor, Deloitte LLP. The other sections of the Remuneration Report are reviewed by Deloitte LLP to ensure they are consistent with the financial statements.

*Remuneration of Board Members

Fees for Non-Executive Board Members are determined in accordance with guidelines prescribed by the Scottish Government – Public Sector Pay Policy for Senior Appointments. The normal term of office for a member is a period not exceeding 4 years. The average time spent on SFRS business was 48 days in 2021/22 and 59 days in 2020/21. The amounts paid to each Board Member are shown in the tables below:

2021/22

Name and Title	Salary Bands of £5,000	Benefits In Kind to nearest £100	Annual Performance - related Bonuses bands of £5,000	Long-term Performance-related Bonuses	Pension-related Benefits - annual increase in pension entitlement bands of £2,500	Total bands of £5,000
	£000s	£000s	£000s	£000s	£000s	£000s
Kirsty Darwent (Chair)	70-75	0	0	0	0	70-75
Marieke Dwarshuis (retired July 2021)	5-10	0	0	0	0	5-10
Bill McQueen (Deputy Chair) (retired July 2021)	5-10	0	0	0	0	5-10
Anne Buchanan (retired June 2021)	0-5	0	0	0	0	0-5
Primrose Stark (retired June 2021)	0-5	0	0	0	0	0-5
Fiona Thorburn (Deputy Chair)	15-20	0	0	0	0	15-20
Tim Wright	5-10	0	0	0	0	5-10
Mhairi Wylie	10-15	0	0	0	0	10-15
Lesley Bloomer	5-10	0	0	0	0	5-10
Nick Barr	15-20	0	0	0	0	15-20
Malcolm Payton	10-15	0	0	0	0	10-15
Brian Baverstock	15-20	0	0	0	0	15-20
Paul Stollard (joined July 2021)	5-10	0	0	0	0	5-10
Stuart Ballingall (joined July 2021)	5-10	0	0	0	0	5-10
Steven Barron (joined July 2021)	10-15	0	0	0	0	10-15
Angiolina Foster (joined July 2021)	5-10	0	0	0	0	5-10

2020/21

Name and Title	Salary Bands of £5,000	Benefits In Kind to nearest £100	Annual Performance – related Bonuses bands of £5,000	Long-term Performance-related Bonuses	Pension-related Benefits – annual increase in pension entitlement bands of £2,500	Total bands of £5,000
	£000s	£000s	£000s	£000s	£000s	£000s
Kirsty Darwent (Chair)	65-70	0	0	0	0	65-70
Marieke Dwarshuis	10-15	0	0	0	0	10-15
Bill McQueen (Deputy Chair)	15-20	0	0	0	0	15-20
Sid Patten (retired October 2020) This is pro rata salary, FTE is £15,000-£20,000	5-10	0	0	0	0	5-10
Anne Buchanan	5-10	0	0	0	0	5-10
Primrose Stark	10-15	0	0	0	0	10-15
Fiona Thorburn	10-15	0	0	0	0	10-15
Tim Wright	5-10	0	0	0	0	5-10
Mhairi Wylie	5-10	0	0	0	0	5-10
Lesley Bloomer	5-10	0	0	0	0	5-10
Nick Barr	15-20	0	0	0	0	15-20
Malcolm Payton	10-15	0	0	0	0	10-15
Brian Baverstock	15-20	0	0	0	0	15-20

*Remuneration of Senior Employees of the Board

Reporting bodies are required to disclose a single total figure for remuneration for each senior employee.

The salary levels of Chief Officers (Assistant Chief Officer and above) are determined locally by Fire and Rescue Authorities, with consideration being given to guidance issued by the National Joint Council for Brigade Managers. The pay for the Non-Uniformed Director posts are determined locally by the Scottish Fire Rescue and Service.

The salary, allowances, benefits in kind and pension related benefits of the SLT are shown by band in the following table. Full-time equivalent salaries are shown alongside the relevant name where appointments started or finished during the year.

2021/22

Name and Title	Salary Bands of £5,000	Benefits In Kind to nearest £100 ²	Annual Performance-related Bonuses bands of £5,000	Long-term Performance-related Bonuses	Pension-related Benefits –annual increase/(decrease) in pension entitlement bands of £2,500	Total bands of £5,000
	£000s	£000s	£000s	£000s	£000s	£000s
Martin Blunden, Chief Officer (to 21 March 2022) ¹	185-190	0	0	0	35.0-37.5	220-225
Ross Haggart, Deputy Chief Officer (Interim Chief Officer from 21 March 2022) ³	145-150	0	0	0	0	145-150
John Dickie, Assistant Chief Officer ³	135-140	0	0	0	0	135-140
Paul Stewart, Assistant Chief Officer ^{3,4}	135-140	0	0	0	0	135-140
Stuart Stevens, Assistant Chief Officer ³	135-140	0	0	0	0	135-140
Sarah O'Donnell, Director of Finance and Contractual Services (took up secondment with another organisation from 12th April 2021 FTE 110.0 – 115.0) ⁶	0-5	0.3	0	0	0-2.5	5-10
Mark McAteer, Director of Strategic Planning, Performance and Communications ⁵	110-115	0	0	0	817.5-820.0	925-930
Elizabeth Barnes, Director of People and Organisational Development	110-115	5.6	0	0	30.0-32.5	145-150
John Thomson, Acting Director of Finance and Procurement (appointed 12th April 2021) ^{3,7}	95-100	0	0	0	0	95-100
Iain Morris, Acting Director of Asset Management (appointed 12th April 2021) ^{3,7}	95-100	0	0	0	0	95-100

1 Final details of the transfer-in value of pension from the Firefighters' (England) Pension Scheme are still waiting to be finalised to enable the pension related benefits in this table to be updated.

2 Benefits in Kind relate to provided cars.

3 There has been a real term decrease in the annual review of pension related benefits for these employees in 2021/22, caused by a large increase in CPI inflation. Their accrued annual pension (adjusted for inflation) is less than the amount they paid in employee pension contributions. This is to be reported as a zero pension change from 2020/21.

4 This employee transferred from the 1992 Scheme to the 2015 Scheme during 2020/21. The new Scheme has lower contribution and accrual

rates resulting in a real terms reduction in pension benefits for 2021/22 in comparison to the previous year. This is to be reported as a zero pension change from 2020/21.

5 The increase between 2020/21 and 2021/22 relates to a transfer-in value to the LGPS by the member.

6 Sarah O'Donnell's salary, benefit in kind and pension benefits shown in this table are for the period 1-11 April 2021 for the period of employment with SFRS prior to secondment. The Benefit in Kind FTE is £10.8K.

7 John Thomson and Iain Morris were appointed on 12 April 2021, the figures shown in this table are therefore for the period 12 April to 31 March 2022.

2020/21

Name and Title	Salary Bands of £5,000	Benefits In Kind to nearest £100 ²	Annual Performance-related Bonuses bands of £5,000	Long-term Performance-related Bonuses	Pension-related Benefits – annual increase in pension entitlement bands of £2,500	Total bands of £5,000
	£000s	£000s	£000s	£000s	£000s	£000s
Martin Blunden, Chief Officer (to 21 March 2022) ¹	175-180	0	0	0	7.5-10.0	185-190
Ross Haggart, Deputy Chief Officer (Interim Chief Officer from 21 March 2022)	145-150	0	0	0	72.5-75.0	220-225
John Dickie, Assistant Chief Officer	135-140	0	0	0	90.0-92.5	225-230
Paul Stewart, Assistant Chief Officer	135-140	0.2	0	0	687.5-690.0	825-830
Stuart Stevens, Assistant Chief Officer	135-140	0	0	0	457.5-460.0	595-600
Sarah O'Donnell, Director of Finance and Contractual Services	110-115	11.2	0	0	42.5-45.0	165-170
Mark McAteer, Director of Strategic Planning, Performance and Communications	110-115	0	0	0	32.5-35.0	140-145
Elizabeth Barnes, Director of People and Organisational Development	110-115	7.8	0	0	45.0-47.5	155-160
John Thomson, Acting Director of Finance and Procurement (not in post until 2021/22)	0	0	0	0	0	0
Iain Morris, Acting Director of Asset Management (not in post until 2021/22)	0	0	0	0	0	0

1 Final details of the transfer-in value of pension from the Firefighters' (England) Pension Scheme are still waiting to be finalised to enable the pension related benefits in this table to be updated.

2 Benefits in Kind relate to provided cars.

*Employees Remuneration by Pay Band

The employees of the Service receiving more than £50,000 remuneration for the period (including those named above, but excluding employer's pension contributions) were paid the following amounts:

Remuneration Band £s	2021/22 Number of employees	2020/21 Number of employees
50,000-54,999	159	185
55,000-59,999	142	58
60,000-64,999	51	66
65,000-69,999	46	7
70,000-74,999	12	22
75,000-79,999	14	6
80,000-84,999	3	7
85,000-89,999	5	2
90,000-94,999	4	4
95,000-99,000	2	0
110,000-114,999	1	1
115,000-119,999	1	1
120,000-124,999	1	1
135,000-139,999	3	3
145,000-149,999	1	1
175,000-179,999	0	1
185,000-189,999	1	0
Total	446	365

*Ratio of Median Remuneration of All Staff Compared to Highest Paid Director Remuneration

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 table below includes the median remuneration of the SFRS staff, and the ratio between this and the mid-point of the highest paid director (the Chief Officer), including salary and benefits in kind.

	2021/22	2020/21		2021/22	2020/21
	£000s	£000s	% Change	Ratio	Ratio
Highest Paid Director mid-point banded remuneration including benefits in kind	187.5	177.5	5.6%		
Average percentage change from the previous financial year in respect of the employees of the entity taken as a whole	23.3	22.5	3.6%		
Median remuneration of staff – 25th percentile	3.2	3.2		58.6	55.5
Median remuneration of staff – 50th percentile	27.0	24.8		6.9	7.2
Median remuneration of staff – 75th percentile	34.3	32.1		5.5	5.5

The banded remuneration of the highest-paid director in SFRS in the financial year 2021/22 was £185,657 (£176,816 in 2020/21). This was 6.9 times higher (7.2 in 2020/21), than the median remuneration of the workforce which was £27,014. The decrease has arisen because the median point of the workforce has changed from a firefighter in development role in 2020/21 to a grade 3 support staff role in 2021/22. The support role has a lower salary resulting in the median ratio decreasing in 2021/22.

The 25th percentile of the workforce relates to a competent Retained Duty System Firefighter in both 2021/22 and 2020/21.

The 75th percentile of the workforce relates to a Crew Commander in Development in 2021/22 and a Crew Commander (Control Room) in Development in 2020/21.

In 2021/22, none of the employees (nil in 2020/21) received remuneration in excess of the highest-paid director. Remuneration ranged from £2,419 to £185,657 (£2,383 to £176,816 in 2020/21).

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

*Pension Benefits

The pension entitlements of Senior Employees for the period to 31 March 2022 are shown in the table below, together with the contribution made by the Service to each Senior Employee's pension during the period. Pension benefits for the Chief Officer, Deputy and Assistant Chief Officers are provided through either the Firefighter's Pension Scheme (FPS) or the Firefighters' 2015 Pension Scheme. These are both unfunded schemes, meaning there are no investment assets built up to meet pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The normal retirement age for those in the FPS is 55, or between 50 and 55 on reaching 30 years' service, and 60 for the 2015 Scheme.

The 2015 Scheme is a Career Average Revalued Earnings (CARE) Scheme whereby pension benefits are based on earnings received within each year worked, which are index linked and totalled on retirement to provide an annual pension. From 1st April 2022 all Officers were transferred to the 2015 Scheme which is a CARE scheme rather than a final salary pension scheme.

Pension benefits for the Directors are provided through the Local Government Pension Scheme (LGPS), which is a CARE Scheme. The normal retirement age is the State Pension Age.

The pension figures shown in the following table relate to the benefits that the person has accrued as a consequence

of their pensionable service within the scheme, and not just their current appointment. The disclosure requirement is to reflect pension benefits within bandings of £5,000, however only the top of the range is shown in the following tables. In addition to this the real increase during the reporting year in the pension is reported in bands of £2,500.

Name and Title	Accrued Benefits at age 60 as at 31 March 2022 Bands of £5,000		Real increase/(decrease) as at 31 March 2022 Bands of £2,500		Cash Equivalent Transfer Value		
	Pension	Lump Sum	Pension	Lump Sum	At 31 March 2022	At 31 March 2021	Real increase
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Martin Blunden, Chief Officer (to 21 March 2022) ²	1-5	0	62.5-65.0	0	63	22	13
Ross Haggart, Deputy Chief Officer (Interim Chief Officer from 21 March 2022) ⁴	80-85	0	0	0	1,182	1,114	(31)
John Dickie, Assistant Chief Officer ⁴	85-90	0	0	0	1,545	1,480	(59)
Paul Stewart, Assistant Chief Officer ⁴	85-90	0	0	0	1,439	1,423	(102)
Stuart Stevens, Assistant Chief Officer ⁴	60-65	0	0	0	806	762	(28)
Sarah O'Donnell, Director of Finance and Contractual Services ^{1,5}	55-60	90-95	72.5-75.0	2.5-5.0	874	874	(72)
Mark McAteer, Director of Strategic Planning, Performance and Communications ^{1,3}	50-55	65-70	827.5-830.0	67.5-70.0	866	151	693
Elizabeth Barnes, Director of People and Organisational Development ¹	10-15	0	40.0-42.5	0	216	172	22
John Thomson, Acting Director of Finance and Procurement (appointed 12th April 2021) ¹	45-50	80-85	0	(2.5)-(5.0)	831	775	(8)
Iain Morris, Acting Director of Asset Management (appointed 12th April 2021) ¹	50-55	90-95	0	0	1,085	1,011	(6)

1 Denotes members of the LGPS, the others are members of the Firefighter's Pension Scheme.

2 Final details of the transfer-in value of pension from the Firefighters' (England) Pension Scheme are still waiting to be finalised to enable the amounts in this table to be updated.

3 The increase between 2020/21 and 2021/22 relates to a transfer-in value to the LGPS by the member.

4 There has been a decrease in the annual review pension related benefits because their accrued annual pension is less than the amount, they paid in employee pension contributions. This is to be reported as a zero pension change from 2020/21.

5 Sarah O'Donnell took up secondment with another organisation from 12/4/2021 but the pension benefits shown in this table relate to the benefits that she has accrued as a consequence of her pensionable service within the scheme, and not just her current appointment.

The table below shows comparative figures for 2020/21:

Name and Title	Accrued Benefits at age 60 as at 31 March 2021 Bands of £5,000		Real increase/(decrease) as at 31 March 2021 Bands of £2,500		Cash Equivalent Transfer Value		
	Pension	Lump Sum	Pension	Lump Sum	At 31 March 2021	At 31 March 2020	Real increase
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Martin Blunden, Chief Officer (to 21 March 2022) ²	1-5	0	32.5-35.0	0	22	1,304	(4)
Ross Haggart, Deputy Chief Officer (Interim Chief Officer from 21 March 2022)	75-80	0	95.0-97.5	0	1,114	1,022	61
John Dickie, Assistant Chief Officer	80-85	0	112.5-115.0	0	1,480	1,337	106
Paul Stewart, Assistant Chief Officer	85-89	0	710.0-712.5	0	1,423	833	561
Stuart Stevens, Assistant Chief Officer	55-60	0	477.5-480.0	0	762	436	303
Sarah O'Donnell, Director of Finance and Contractual Services ¹	50-55	80-85	50.0-52.5	2.5-5.0	874	812	53
Mark McAteer, Director of Strategic Planning, Performance and Communications ¹	10-12	0	42.5-45.0	0	151	114	35
Elizabeth Barnes, Director of People and Organisational Development ¹	10-12	0	57.5-60.0	0	172	171	(1)
John Thomson, Acting Director of Finance and Procurement (not in post until 2021/22)	0	0	0	0	0	0	0
Iain Morris, Acting Director of Asset Management (not in post until 2021/22)	0	0	0	0	0	0	0

¹ Denotes members of the LGPS, the others are members of the Firefighter's Pension Scheme.

² Final details of the transfer-in value of pension from the Firefighters' (England) Pension Scheme are still waiting to be finalised to enable the amounts in this table to be updated.

NOTES

- 1) The employer's contribution rate for the FPS is 29.6% of pensionable pay and the 2015 Scheme is 26.8% of pensionable pay. The employer's contribution for those in the LGPS is 19.3% of pensionable pay in 2021/22. There is no change in contribution rates from 2020/21.
- 2) The Firefighters' Pension Scheme and LGPS have different contribution rates and different benefits. The uniformed officers' pension benefits are presented as unreduced pension benefits, i.e. there is no automatic lump sum, as members have the option not to commute an element of their annual pension until the point at which they retire. Benefits accrue on a 1/60th basis per year, which increases to 2/60ths per year when the employee reaches 20 years of service. An employee can elect to commute, or give up, up to 25% of their annual pension to receive a lump sum. For example, an officer aged 50 with 30 years of service would receive a lump sum of £22,400 for every £1,000 annual pension commuted, although this figure is variable dependent on age and service. The employee contribution rates are tiered based on salary; those noted above contributed 13.5% of their salary in 2021/22.
- 3) The accrued pension benefits for the Director of Finance and Contractual Services who is a member of the LGPS, include elements for both lump sum and annual pension, having joined the LGPS before 1 April 2009. This guarantees a pension based on 1/80th accrual rate, and a lump sum based on 3/80th of final pensionable salary and years of pensionable service prior to this date. The conditions of the LGPS changed with effect from 1 April 2009, after which benefits are accrued on 1/60th basis with no automatic right to a lump sum. The employee may however, elect to reduce their annual pension to receive a lump sum in the same manner as members of the Firefighters' Pension Schemes. For example, an employee would receive a lump sum of £12,000 for every £1,000 annual pension commuted, irrespective of age or service.

The employee contribution rates are tiered based on salary; those noted above contributed either 9.6% or 9.9% of their salary in 2021/22.

*Exit Packages

There were no new exit packages in 2021/22 (nil in 2020/21) as there were no changes within the SFRS environment that required changes to the structure, establishment levels, job roles or work locations, to be made.

Off-payroll Engagements

The tables below show off-payroll appointments as of 31 March 2022, earning at least £245 per day.

Table 1: Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater.

	2021/22
Number of existing engagements as of 31 March 2022	10
Of which:	
Number that have existed for less than one year at time of reporting	5
Number that have existed for between one and two years at time of reporting	4
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	1

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater.

	2021/22
No. of new engagements, between 1 April 2021 and 31 March 2022	12
Of which:	
Not subject to off-payroll legislation	12
Subject to off-payroll legislation and determined as in-scope of IR35	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	12
Number of engagements reassessed for compliance or assurance purposes during the year	12
Of which: number of engagements that saw a change to IR35 status following review.	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022.

	2021/22
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both on payroll and off-payroll engagements.	0

*Staff Numbers and Related Costs

Details of Staff numbers and costs are shown below as well as in Note 4 to the financial statements. The average number of persons employed in the year ended 31 March 2022 was 7,726 (7,834 in previous year). Staff costs are shown in the following table:

	Year ended 31 March 2022			Year ended 31 March 2021		
	Permanent	Others	Total	Permanent	Others	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Wages and Salaries	194,609	0	194,609	187,696	0	187,696
Other Pension Costs	174,247	0	174,247	170,365	0	170,365
Social Security Costs	19,035	0	19,035	17,915	0	17,915
Sub-total	387,891	0	387,891	375,976	0	375,976
IAS19 pension costs charged to net expenditure	16,939	0	16,939	(1,875)	0	(1,875)
Other staff related costs	6,008	1,522	7,530	7,170	1,357	8,527
Total net costs	410,838	1,522	412,360	381,271	1,357	382,628

Note that the total of £1.522 million shown under "Others" for the year ended 31 March 2022, (£1.357 million for the year ended 31 March 2021) represents the costs of staff employed on temporary contracts through employment agencies.

Workforce Structure

Our workforce structure is monitored and reviewed on an ongoing basis and is formally reported through several forums on a monthly and quarterly basis. Consideration is given to the authorised Target Operating Model (TOM) against the full-time equivalent headcount. The variance is identified by analysing the leaver profile across all uniformed and support staff roles.

Workforce profile as of 31 March 2022			
	TOM*	Headcount	FTE
SLT	8	9	9
Wholetime 5WDS	3,021	2,854	2,853
Off Station	385	411	410
Rural FT	54	53	53
Flexi Duty	269	266	266
Control	182	176	173
RDS**	3,309	2,760	2,376
Volunteer**	384	281	281
Support	953	916	858
Total	8,565	7,726	7,279

Figures from 2020/21 can be seen for comparison:

Workforce profile as of 31 March 2021			
	TOM	Headcount	FTE
SLT	8	8	8
Wholetime 5WDS	3,021	2,963	2,962
Day Duty	363	348	347
Rural FT	54	54	54
Flexi Duty	251	265	265
Control	170	182	176
RDS	3,309	2,876	2,486
Volunteer	405	305	305
Support	791	833	784
Total	8,372	7,834	7,387

Through analysing our workforce data, a 6-year Strategic Resourcing Plan has been developed. This plan remains fluid in recognition that our ongoing staffing recovery from COVID-19 has been further impacted by recent changes to the Firefighter pension arrangements which has significantly altered the Service's retirement profile - impacting headcount, operational availability and skills profile.

A Staffing Tactical Action Group has been established, supported by a Staffing Solutions Team, to identify and implement mechanisms to mitigate the impact of planned and unplanned leavers and inform actions to resource to our Target Operating Model (TOM).

Options being progressed include On Call to wholetime migration, inter-service transfers, re-employment and increased recruitment into wholetime and On Call roles. Further impacts are predicted over the next 18 months when the full pensions remedy and deferred choice underpin are known. We are actively monitoring and assessing the impacts and are developing a detailed recovery resourcing plan to support delivery of our statutory responsibilities.

We maintain a focus on our support staff vacancies to ensure these are progressed in a timeous manner in an increasingly challenging and competitive external labour market. Work is ongoing to ensure we are actively promoting roles, agile working arrangements and that we build a flexible adaptable approach into our resourcing methods.

We are progressing improvements to On Call Firefighter attraction and recruitment aligned to the National On Call Improvement Programme and are supporting the National On Call Leadership Forum in reviewing, streamlining and seeking local solutions to resourcing.

Operations Control has also seen an upturn of leavers. This is largely due to retirements as a result of the pensions remedy. We continue to prioritise succession and business continuity plans, including flexible working arrangements to address this.

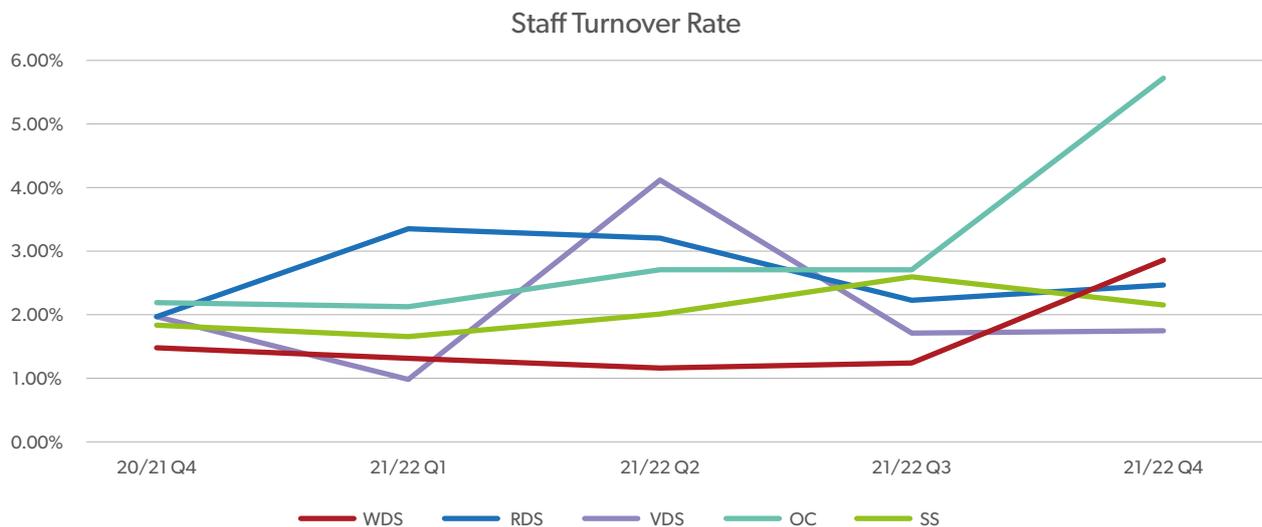
Workforce Planning enables the scheduling and sizing of Wholetime Firefighter intakes to be developed to meet the requirements of the SFRS over 2021/22 and 2022/23. Revised project plans to increase Wholetime Firefighter and On Call Firefighter intakes over 2022 and 2023, aligned to workforce planning projections, have been implemented.

* Includes temporary resource requirements/projects and business cases

** Figures shown are based on legacy Target Operating Model (TOM) requirements for RDS and Volunteer colleagues, which are currently under review.

Staff Turnover

2021/2022	Wholetime (WDS)	Retained (RDS)	Volunteer (VDS)	Operations Control (OC)	Support Staff (SS)	SFRS Total
Q1	1.33%	3.36%	1.00%	2.16%	1.69%	2.09%
Q2	1.19%	3.23%	4.15%	2.78%	1.99%	2.14%
Q3	1.27%	2.27%	1.76%	2.72%	2.62%	1.82%
Q4	2.88%	2.50%	1.78%	5.75%	2.18%	2.64%



Staff turnover levels by staff group are reflected in the chart above. These vary by staff group and are influenced by several factors.

Wholetime and Operations Control turnover levels have increased, because of the pension changes, which has resulted in an increase in the number of retirements, with further impacts likely over the next 18 months.

There are historical issues with On Call retention, which are being addressed by the National On Call Leadership Forum, which has been established to develop strategies to achieve improvements in On Call employee engagement, attraction and retention.

Support staff turnover slowed during the pandemic, however, with the lifting of restrictions and increasing opportunities now available in the open market, we are seeing an increase in attrition rates.

We have strengthened our workforce data analysis and have reviewed resourcing plans aligned to the leavers profile, operational availability and crewing levels. To address TOM deficiencies, the Staffing Tactical Action Group ensure a focus is maintained on supporting resourcing activity and acting to meet SFRS Strategic Recovery Priorities.

Gender Pay Gap

In accordance with the requirements set out in Section 149 of the Equality Act 2010 (the Public-Sector Equality Duty) and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, we are required to publish information about the gender pay gap in our organisation every two years.

We have published our [Equal Pay and Gender Pay Gap Report for 2021](#). This sets out details of our approach to ensuring pay equality, and the current gender pay gap between men and women. It also includes an occupational segregation profile of the SFRS, which identifies the percentages of men and women working in different sections and levels of our Service. The report explains the actions that the SFRS is taking to ensure the workforce profile matches that of the communities we serve.

The 2021 Report demonstrates a 10% increase in the numbers of Wholetime Female Firefighters since 2019, and an increasing number of women assuming positions within the uniformed management structure. Women are equally represented within the three upper quartiles of the support staff structure. 5 of the 12 Board members are females, including the Chair of the Board.

At 2021 reporting and based on substantive structure, all five uniformed members of our SLT are males and there were two females and one male support staff members of SLT.

Employee Relations

Employee relations and working together with trade unions play an important role in the modern workplace and there are considerable benefits to both employers and employees when organisations and unions work well together. We are committed to working in partnership with our trade unions. This commitment is demonstrated through the Working Together Framework and is supported by Recognition Agreements. This Framework is currently under review.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into effect on 1st April 2017. These regulations place a legislative requirement on relevant public-sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The purpose of these regulations is to promote transparency and allow for public scrutiny of facility time.

Trade Union Act 2016: Facility Time Reporting from 1 April 2021 to 31 March 2022 (not included in statutory audit)

Table 1 - Relevant union officials

The total number of SFRS employees who were relevant union officials during the relevant period is shown in the following table:

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
235	235

* This number includes all those who are recognised as representatives who would be eligible to take time off for trade union duties but have not requested any time off during the reporting period.

Table 2 - Percentage of time spent on facility time

The following table shows the number of SFRS employees who were relevant union officials employed during the year ending 31 March 2022 and the percentage of their working hours spent on union duties:

Percentage of time	Number of employees
0%	207
1-50%	23
51-99%	0
100%	5

Table 3 - Percentage of pay bill spent on facility time

The table below provides the percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the year ended 31 March 2022.

	Figures
Total cost of facility time	£226,981
Total pay bill *	£220,649,535
Percentage of the total pay bill spent on facility time calculated as: (total cost of facility time ÷ total pay bill) x 100	0.10%

* This includes employer costs such as NI and pension contributions where applicable.

Table 4 - Paid trade union activities

As a percentage of total paid facility time hours, the number of hours spent by employees who were relevant union officials during the relevant period on paid trade union activities is shown in the following table:

$3,276 \div 17,936 \times 100 = 18.3\%$
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

Absence Data

The tables below provide the data on the overall recorded absences by staff group for the two fiscal years 2020/21 and 2021/22, shown as percentages (those in green reflect an improvement).

Careful management of attendance gives us the tools to support our staff back to work, including in an amended capacity where appropriate and practicable.

The data below shows both long-term and short-term absences and illustrates an overall increase in absences over both years. Where there have been decreases between quarters, these are highlighted in green. The increases can partly be attributed to the impact of the pandemic which saw a large increase in both short and long-term absence.

The first reporting period covered lockdown, where there was less exposure to common seasonal ailments. During the second year of the pandemic (2021/22) we saw the highest

number of absences since first recorded, due to the new COVID-19 variant. This had a direct impact on both our long and short-term absences, as shown below. Throughout this period, we continued to provide a range of interventions aimed at supporting staff affected and these continued to be reviewed on a regular basis as the pandemic progressed.

To ensure the safety and welfare of employees, we maintain a focus on attendance management within the organisation. This is achieved by monitoring and providing monthly absence reports to internal stakeholders, which enables more effective people management, application of policies and procedures and access to early support for employees.

Further investment in employee health and wellbeing has continued with the provision of a 24/7 counselling service and post-incident support services, together with the programme roll out of mental wellbeing training being delivered by Lifelines Scotland throughout the Service.

Long-Term Absence 2020/21				
Staff Group	Q1	Q2	Q3	Q4
Wholetime	2.10%	1.59%	1.64%	1.23%
Retained	1.90%	1.63%	1.75%	2.36%
Volunteer	0.55%	0.69%	0.47%	0.00%
Control	5.45%	5.51%	4.19%	2.57%
Support	3.60%	2.91%	2.62%	2.21%

Long-Term Absence 2021/22				
Staff Group	Q1	Q2	Q3	Q4
Wholetime	3.20%	3.04%	3.68%	3.17%
Retained	2.63%	2.78%	2.86%	2.77%
Volunteer	0.09%	1.09%	1.28%	2.13%
Control	4.46%	9.10%	10.10%	8.45%
Support	2.86%	3.11%	3.24%	2.95%

Short-Term Absence 2020/21				
Staff Group	Q1	Q2	Q3	Q4
Wholetime	2.21%	2.46%	2.87%	2.47%
Retained	0.64%	0.65%	0.65%	0.77%
Volunteer	0.16%	0.00%	0.08%	0.10%
Control	3.72%	6.87%	5.30%	4.71%
Support	1.53%	1.23%	1.82%	1.29%

Short-Term Absence 2021/22				
Staff Group	Q1	Q2	Q3	Q4
Wholetime	1.43%	1.98%	3.84%	4.79%
Retained	0.58%	1.29%	1.71%	3.34%
Volunteer	0.06%	0.25%	0.39%	0.84%
Control	2.79%	2.94%	5.91%	6.14%
Support	0.73%	1.45%	2.11%	2.13%

Improving Health, Safety and Wellbeing Arrangements

We care for our staff through progressive health, safety and wellbeing arrangements and strive to be proactive and innovative in how we achieve this.

Each year a SFRS Health and Safety Improvement Plan is developed. This is translated into bespoke improvement plans which address the risk profile of the different parts of our organisation.

All 2021/22 Plans were agreed in April 2021. At the end of the reporting year, 71% of the SFRS improvement plan was complete, a 12% increase from last year. Progress has been challenging during this period due to the continuing pandemic, resources required to support COP26, and significant changes in staff.

There is a legal requirement for us to consider all COVID-19 cases within the workplace. This is to establish whether there is sufficient evidence to suggest there has been a workplace transmission of coronavirus. During the reporting year there was a reduction of 46% (54 to 29) in the number of RIDDOR reportable workplace transmissions to the Health and Safety Executive. Staff compliance with SFRS COVID-19 controls contributed to this reduction, despite an overall increase of 96% (352 to 689) in confirmed cases of COVID-19 from the previous reporting year. Of the 689 COVID-19 RIDDOR reviews undertaken, 22% (154 of 693) were reviewed at management meetings and 78% (539 of 689) by desktop reviews conducted.

Equality, Human Rights and Inclusion

Our [Strategic Plan 2019-22](#) describes our aspiration to be a world leading fire and rescue service, to create 'a great place to work' and meet 'diverse community risks'.

To do this, we know that equality, diversity and inclusion must be embedded in everything we do. Our Equality and Diversity Charter serves as a guarantee to people living, working and visiting Scotland on how we will continue to build equality into all areas of our business.

Our Equality Team has responsibility for overseeing the implementation of equality legislation within the SFRS, overseeing the implementation of the Equality Impact

Assessment process, supporting the mainstreaming of equality across the SFRS and carrying out other equality matters of a corporate nature.

A review of the Equality and Human Rights Process has been progressed. Despite an extended deadline into 2021/22, to accommodate demands arising due to the COVID-19 response, modifications were made to the current process to facilitate urgent decision making and to accommodate the duty to conduct Island Impact Assessments. The Impact Assessment Process will be developed to incorporate the promotion of good mental health. This process remains the most effective method of building equality, diversity, inclusion and human rights into decision making, policy development and policy implementation.

A review of the existing SFRS Equality Outcomes was completed and a revised set of [Equality Outcomes](#) was published in April 2021, along with the biennial [Mainstreaming Report](#). From April 2021 the Mainstreaming Report will be published annually.

A key means of facilitating mainstreaming of equality across the organisation is the cross-Directorate Equality Partnership Group. The forum provides a vehicle to share and promote equality information and priorities, collate and disseminate examples of good practice, and consider emerging equality issues. Along with the Corporate Parenting Group, the Equality Partnership Group provides a mechanism to support equality related activities being identified, progressed, implemented and owned across the Service, rather than being the responsibility of a single team.

Support to colleagues by the Equality and Diversity Business Partners is supplemented by the provision of impact assessment training, specialist topic training such as LGBT Leadership for Executive and Non-Executive Leaders, and Equality Champions training, which helps support individual responsibility for the equality agenda.

Visual cues for highlighting the importance of equality, diversity, inclusion and human rights have featured prominently from the availability of rainbow lanyards to show alliance with LGBT communities and colleagues, to regular corporate communications on key events such as LGBT History Month, Black History Month, Care Leavers Week and the promotion of materials to support colleagues who are victims or encounter victims of domestic abuse.

Alongside our strategic objectives and ambition to be the best employer we can be, we have a legal obligation under the Equality Act 2010 to remove all unfair discrimination and bias from the workplace. We have joined our Justice sector colleagues in the Cross-Justice Sector Working Group on Race and Workforce to identify and address any structural barriers our workplaces pose for ethnic minority communities.

As part of the 2021 statutory reporting on pay we voluntarily published our ethnicity pay gap information.

Listening to our employees, their experiences and views is a critical feature of an improving organisation. In addition to our corporate communications and formal staff engagement measures, equality related Employee Networks have been established. The Networks are an avenue for people who may have similar life experiences, share a protected characteristic, or have an interest in the protected characteristic, to meet online. A LGBT Network, Women's Network and Neurodiversity Network are currently operating.

Alongside the Networks programme we have Strategic and Senior management representatives who are Equality Champions across a range of protected characteristics and themes including champions for Black, Asian and Minority Ethnic (BAME), Care Experienced & Carers, Disability and Tackling Domestic Abuse. The establishment of these Equality Champions drawn from the senior management tiers provides a humanising touch to corporate equality messaging and highlights the individual personal commitment to equality by our leaders. We also have a Women's Experience Liaison Forum to explore the experiences of our female colleagues and ways to enhance the workplace culture, practices and working environment to ensure these are inclusive.

The value of these initiatives is illustrated within our [Equal Pay and Gender Pay Gap Report 2021](#). The Report demonstrates a 10% increase in the numbers of Wholetime Female Firefighters since 2019 (from 5.46% to 6.10%), and an increasing number of women assuming positions within the uniformed management structure. It illustrates that women are equally represented within the three upper quartiles of the support staff structure.

Career Management

We have a successful history of 'growing talent' and seeing employees develop from their entry level roles through the career ladder. This is a process we excel in operationally and we are building on existing good practice to 'grow our own talent'. Key activities and achievements during 2021/22 include:

- New Leadership toolkits to support our managers.
- The continued progress of our wider virtual delivery model, including a pilot of the virtual Leadership for Change Programme (LfCP) module within our Middle Manager Leadership Development Programme.
- The creation of a Learning Partner Group (LPG) to support prioritisation of learning and development that reflects the organisational learning needs for the Service. This engagement ensures that the Learning Needs Analysis (LNA) remains a "living" document across the year that supports current development priorities in the Service.
- A revised Learning Needs Analysis process for 2021/22 was implemented. It is expected that this will continue to enable the move to a demand led and zero-based budgeting approach for leadership, learning and development needs across the SFRS.
- The completion of the Leadership Development Services Framework to support further progression of online learning to enable the development of an agile and self-learning culture.
- Learning Agreement between the SFRS and the Fire Brigades Union was developed and agreed and continues to support partnership working in the delivery of development opportunities for our people.

Accountable Officer: Organisation:

Ross Haggart
Interim Chief Officer

Scottish Fire and Rescue Service
26 January 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH FIRE AND RESCUE SERVICE, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Scottish Fire and Rescue Service for the year ended 31 March 2022 under the Police and Fire Reform (Scotland) Act 2012. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2022 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 FReM; and
- have been prepared in accordance with the requirements of the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the *Code of Audit Practice* approved

by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 6 years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our separate Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- considering the nature of the body's control environment and reviewing the body's documentation

of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired with management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities;

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the Police and Fire Reform (Scotland) Act 2012.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 and relevant employment legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of the performing the above, we identified the greatest potential for fraud was in relation to the requirement to operate within the expenditure resource limits set by the Scottish Government. The risk is that the expenditure in relation to year-end transactions may be subject to potential manipulation in an attempt to align with its tolerance target or achieve a breakeven position. In response to this risk, we obtained independent confirmation of the resource limits allocated by the Scottish Government and, tested a sample of accruals, and invoices received and paid around the year-end to assess whether they have been recorded in the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and internal legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

Reporting on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work

we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Pat Kenny, CPFA (for and on behalf of Deloitte LLP)
110 Queen Street
Glasgow
G1 3BX
United Kingdom

26 January 2023

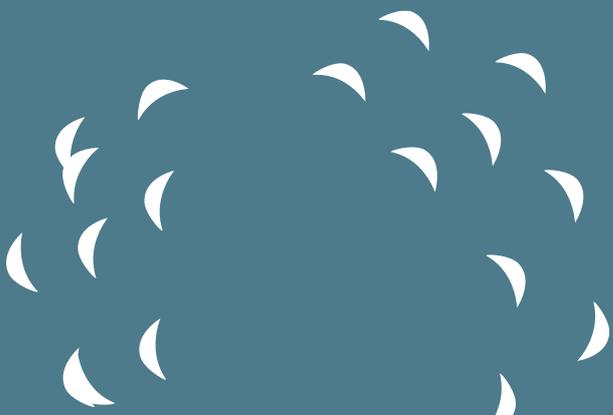




ANNUAL ACCOUNTS

In this section of the report we set out:

- Statement of Comprehensive Net Expenditure for the year ended 31 March 2022 94
- Statement of Financial Position as at 31 March 2022 95
- Statement of Cash Flows for the year ended 31 March 2022 96
- Statement of Changes in Taxpayers Equity for year ended 31 March 2022 97
- Notes to the Accounts 99



STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2022

	Note	Year ended 31 March 2022	Year ended 31 March 2021
		£000s	£000s
Expenditure			
Staff costs	4	412,360	382,628
Depreciation and Impairment	24	23,847	24,500
Other Operating Charges	3	55,088	48,946
		491,295	456,074
Income			
Income from activities	6	(595)	(41)
Other Income	7	(169,913)	(166,901)
		(170,508)	(166,942)
Net Expenditure from Operating Activities		320,787	289,132
Interest payable	8a	2,252	2,428
Interest receivable	8b	0	(27)
Net loss on disposal of Property, Plant and Equipment	26	37	(36)
Net interest cost of IAS19 assets and liabilities	13b	61,748	81,938
		64,037	84,303
Net Expenditure after Interest		384,824	373,435
Taxation	11	1	1
Net Expenditure after Taxation		384,825	373,436
Other Comprehensive Income and Expenditure (these items will not be reclassified to net expenditure)			
Actuarial loss on IAS19 Pension disclosures	13b	275,598	274,014
Net gain on revaluation of Property, Plant and Equipment	24	(7,500)	(10,804)
Comprehensive Net Expenditure before Grant from the Scottish Government		652,923	636,646

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	As at 31 March 2022	As at 31 March 2021
		£000s	£000s
ASSETS - Non-current assets			
Property, Plant and Equipment	24	553,570	527,444
Heritage Assets	24	1,045	1,045
Intangible Assets	24	121	293
Long-term debtors	20	892	1,104
Total non-current assets		555,628	529,886
Current assets			
Assets classified as held for sale	25	0	1,086
Inventories	21	1,523	6,151
Trade and other receivables	9	10,358	12,627
Cash and cash equivalents	12	547	522
Total current assets		12,428	20,386
Total assets		568,056	550,272
LIABILITIES - Current liabilities			
Trade and other payables	10	38,142	32,434
Current Tax Payable	11	1	1
Short-term provisions	16	878	1,834
Short-term borrowing	23	5,772	3,677
Total current liabilities		44,793	37,946
Total assets less current liabilities		523,263	512,326
Non-current liabilities			
Long-term borrowing	23	38,263	43,094
Long-term provisions	16	1,275	0
Deferred Income	31	4,136	1,843
Other long-term liabilities (Pensions)	13b	5,164,867	4,816,182
Other long-term liabilities (Injury Benefits)	13b	87,562	81,962
Total non-current liabilities		5,296,103	4,943,081
Total assets less liabilities		(4,772,840)	(4,430,755)
Taxpayers equity			
General Reserve		326,677	321,300
Revaluation Reserve		152,912	146,089
Pensions Reserve	13b	(5,252,429)	(4,898,144)
Total Taxpayers Equity		(4,772,840)	(4,430,755)

Ross Haggart
Interim Chief Officer and Accountable Officer



The Accountable Officer authorised these
Annual Accounts for issue on 26 January 2023.
The notes on pages 99 to 153 form part of these Accounts.

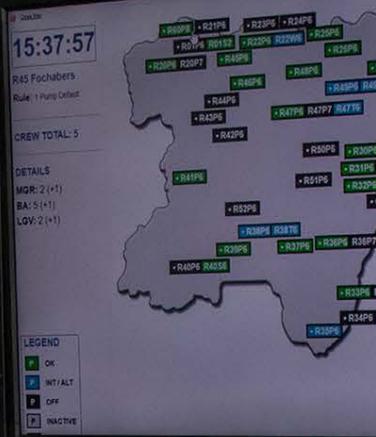
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Note	Year ended 31 March 2022	Year ended 31 March 2021
		£000s	£000s
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net expenditure from operating activities		(320,787)	(289,132)
Adjustments for non-cash transactions			
IAS19 Pensions	4, 13b	16,939	(1,875)
Depreciation and Impairments	24	23,847	24,500
Corporation Tax	11	(1)	(1)
Movements in working capital			
Decrease / (Increase) in trade and other receivables	9	2,269	(3,437)
Decrease in inventories	21	4,628	1,289
Decrease in long term debtors	20	212	384
Increase in trade and other payables	10	5,708	1,895
Increase in provisions	16	319	288
Increase in deferred income	31	2,293	1,523
Net cash outflow used in operating activities		(264,573)	(264,566)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant, equipment and intangible assets	24	(42,449)	(39,241)
Proceeds of disposals of property, plant and equipment	26	1,197	754
Net cash outflow used in investing activities		(41,252)	(38,487)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Grant in Aid from the Scottish Government	19	310,838	307,976
Repayment of borrowing	23	(2,736)	(2,465)
Bank interest paid	8a	(2,252)	(2,428)
Bank interest received	8b	0	28
Net cash inflow used in financing activities		305,850	303,111
Net Increase in cash and cash equivalents		25	58
Cash and cash equivalents at beginning of the period	12	522	464
Cash and cash equivalents at end of the period	12	547	522
Increase in cash for the year		25	58

STATEMENT OF CHANGES IN TAXPAYERS EQUITY FOR YEAR ENDED 31 MARCH 2022

	Note	General Fund	Revaluation Reserve	Pensions Reserve	Total
		£000s	£000s	£000s	£000s
Balance at 1 April 2021		321,300	146,089	(4,898,144)	(4,430,755)
Net Expenditure after taxation		(384,825)	0	0	(384,825)
IAS19 Pensions Remeasurement Gains	13b	0	0	(275,598)	(275,598)
Revaluations debited to the Revaluation Reserve	24	0	7,500	0	7,500
Total Comprehensive Net Income / (Expenditure)		(384,825)	7,500	(275,598)	(652,923)
Transfer of pensions transactions to the Pensions Reserve	13b	78,687	0	(78,687)	0
Grant in Aid from the Scottish Government	19	310,838	0	0	310,838
Other Reserve Movement	30	677	(677)	0	0
Balance at 31 March 2022		326,677	152,912	(5,252,429)	(4,772,840)

	Note	General Fund	Revaluation Reserve	Pensions Reserve	Total
		£000s	£000s	£000s	£000s
Balance at 1 April 2020		306,043	135,939	(4,544,067)	(4,102,085)
Net Expenditure after taxation		(373,436)	0	0	(373,436)
IAS19 Pensions Remeasurement Gains	13b	0	0	(274,014)	(274,014)
Revaluations debited to the Revaluation Reserve	24	0	10,804	0	10,804
Total Comprehensive Net Income / (Expenditure)		(373,436)	10,804	(274,014)	(636,646)
Transfer of pensions transactions to the Pensions Reserve	13b	80,063	0	(80,063)	0
Grant in Aid from the Scottish Government	19	307,976	0	0	307,976
Other Reserve Movement	30	654	(654)	0	0
Balance at 31 March 2021		321,300	146,089	(4,898,144)	(4,430,755)



6

Sanitisation Station

10000 Fire and Rescue Service
England and Scotland

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

These Annual Accounts have been prepared in accordance with the 2021/22 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public-sector context. The SFRS has selected the most appropriate accounting policy or estimation technique, as permitted by the FReM, to ensure the statements present a true and fair view.

The particular policies adopted by the SFRS in preparing these Annual Accounts are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

The Accounts have been prepared with reference to the following objectives:

- to provide information about the financial position, performance and cash flows in a way that meets the “common need of most users”, and
- to show the results of the stewardship and accountability of Board members and management for the resources entrusted to them.

The following underlying assumptions have been adhered to:

- Accruals – with the exception of cash flow information, the statements have been prepared using the accrual basis of accounting, where the non-cash effects of transactions are included in the Annual Accounts in the year in which they occur, not the year in which cash is paid or received, and
- Going concern – the Accounts have been prepared on the basis that the SFRS will continue to function for the foreseeable future.
- Currency – the Accounts have been prepared in pounds sterling.

Application of new and revised Accounting Standards

a. Standards, amendments and interpretations early adopted this year

There are no new standards, amendments or interpretations early adopted this year.

b. Standards, amendments and interpretations issued but not adopted this year

At the date of authorisation of these Annual Accounts, the Board has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- **IFRS 16 Leases:** HM Treasury has agreed to defer implementation until 1 April 2022 (for reporting in 2022/23).
- **IFRS 17:** Insurance Contracts. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 1:** Classification of Liabilities as Current or Non-Current. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 1:** Disclosure of Accounting Policies. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 8:** Definition of Accounting Estimates. Applicable for periods beginning on or after 1 January 2023.
- **Amendments to IAS 16:** Property, Plant and Equipment proceeds before intended use. Applicable for periods beginning on or after 1 January 2022.
- **Amendments to IAS 37:** Onerous Contracts, cost of fulfilling a contract. Applicable for periods beginning on or after 1 January 2022.

The Board does not expect that the adoption of the Standards listed above will have a material impact on the Annual Accounts in future periods, except as noted below.

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2022. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee’s assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. The Board expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the ‘grandfathering’ rules mandated in the FReM for the initial transition to IFRS 16. In future years, new contracts and contract renegotiations will

be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right-of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7. The SFRS has carried out some preparatory work to ensure that the standard will be implemented correctly in future years and that adequate governance arrangements are in place. This includes ensuring that appropriate budget cover from the Scottish Government is in place.

The Board expects that the implementation of this standard on the 2022/23 figures is expected to add a "right-of-use" asset (with corresponding lease liability) to the SoFP of approximately £5.8 million. The SoCNE is also expected to include associated depreciation and interest costs of approximately £0.6 million.

Accounting Convention

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

Accounting Period

The accounting period commenced on 1 April 2021 and ended on 31 March 2022.

Going Concern

The Resource Budget for the financial year ended 31 March 2023 has been approved by the Scottish Government and is considered adequate to allow the SFRS to meet its liabilities in the foreseeable future. In terms of future years, funding will be confirmed as part of the normal budget cycle in December 2022 and January 2023. The Service also featured in the Scottish Governments' Resource Spending Review which set indicative budget allocations up to 2025-26.

These Annual Accounts have therefore been produced on a going concern basis. The Scottish Fire and Rescue Service is fulfilling a statutory function and there are no plans to

amend the primary legislation setting out those functions. SFRS is therefore required to continue delivering fire and rescue activity in Scotland and the Scottish Government is in turn committed to providing SFRS with grant in aid funding for that purpose. For the avoidance of doubt, Scottish Government funding also covers all ongoing employer and officer pension contributions and the pension liability which is not met directly from GIA.

Segmental Reporting

The SFRS is operated as a single service and is reported in this same format. Costs and support service overheads are not allocated to other parts of the organisation, and therefore there are no requirements for segmental reporting, however, a reconciliation between the management accounts position and the accounting statements is included in a Note to the Accounts.

Revenue Recognition

Revenue is recognised net of VAT to the extent that it is probable that the economic benefits will flow to the SFRS and the revenue can be reliably measured.

Grant in Aid and Revenue Grants

SFRS is funded by the Scottish Government. Grant in Aid is received throughout the year and is intended to meet SFRS estimated expenditure for both capital and revenue purposes. It is accounted for as financing on a cash basis, not income, and is therefore credited to SFRS reserves and not incorporated within the SoCNE. Grant in Aid cannot be drawn down in advance of need.

Grant in Aid, whether for revenue or capital purposes, is to be treated as a contribution from controlling parties giving rise to a financial interest in the residual interest of the reporting entity and is to be credited to general reserves and not to income or deferred income.

Where grants are subject to conditions such that non-compliance would result in the grant being repaid, the potential liability to repay, and the conditions to be met, should be disclosed in a Note to the Accounts.

The profit or loss on disposal of an asset financed by grant or Grant in Aid is taken to the Statement of Comprehensive Net Expenditure.

Capital Grants

Capital grants are accounted for in accordance with IAS20 *Accounting for Government Grants and Disclosure of Government Assistance* and recognised in the SoCNE once conditions are met. Grant is treated as a capital grant received in advance where carry forward is permitted and any conditions have not been met.

Provision of Services

Revenue from the provision of services is recognised when the SFRS can measure reliably the percentage completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the SFRS.

Rental Income

Rental income from operating leases is recognised on a straight-line basis over the terms of the lease.

Expenditure Recognition

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Statement of Financial Position (SoFP).

Expenses in relation to services received (including those rendered by the SFRS employees) are recorded as expenditure when the services are received, rather than when payments are made.

Interest payable on borrowings is accounted for on the cash flows that have been fixed or determined by the contract, or based on an annuity basis where borrowings have been provided by a local authority.

Where revenue and expenditure have been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in the SoFP. Where there is evidence that debts are unlikely to be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses

and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the SFRS. An accrual is made in the SoCNE for the year for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and which employees can carry forward to the next financial year. The accrual is made at the remuneration rates applicable in the following financial year.

Post-Employment Benefits

As at 31 March 2022, the SFRS participates in four pension schemes: The Local Government Pension Scheme (Scotland) for support staff, the Firefighters' Pension Scheme 1992, New Firefighters' Pension Scheme 2006 and the Fire 2015 Scheme for Wholetime/Retained uniformed personnel. For the year ended 31 March 2022, the administration of Firefighters' Schemes was undertaken by the Scottish Public Pensions Agency (SPPA) and the administration of LGPS remained with local authorities.

- **Local Government Pension Scheme (Scotland)**

The LGPS provides members with defined benefits related to pay and service. It is supported by contributions from both employer and employee. There are 8 schemes covering staff in Scotland, detailed in Note 13. The LGPS is a Career Average Revalued Earnings (CARE) Scheme whereby pension benefits are based on earnings received within each year worked, which are index-linked and totalled on retirement to provide an annual pension.

- **Firefighters' Pension Scheme 1992**

The Firefighters' Pension Scheme 1992 (FPS) is a final salary unfunded defined benefit scheme where payments are made on a "pay as you go" basis. This is funded through contributions from employees, the SFRS and the Scottish Government.

- **New Firefighters' Pension Scheme 2006**

The new Firefighters' Pension Scheme 2006 (NFPS) was introduced on 6 April 2006 and is also a final salary unfunded defined benefit scheme, similar to the Firefighters' Pension Scheme, the differences being a lower contribution rate, and different retirement criteria. Funding is provided in the same way as the FPS. The normal retirement age from this scheme is 60.

A recent development within this Scheme has been to allow retained firefighters who were employed by the Service between 1 July 2000 and 5 April 2006, access to this Scheme to provide them with comparable

pension benefits to those enjoyed by wholetime firefighters during this period. Those individuals who were employed between these dates are now eligible to purchase pension rights under the terms of these new pension arrangements. This sub Scheme is known as the Retained Duty System (RDS) Modified Pension Scheme.

- **Fire 2015 Scheme**

The Fire 2015 Scheme was introduced on 1 April 2015 and is a CARE scheme rather than a final salary pension scheme. Funding is provided in the same way as the FPS. All new employees entering the Service will join this Scheme automatically. Under the new arrangements the normal pension age for firefighters will be 60 which reflects the current retirement age for the 2006 Scheme.

Firefighters who were previously in the 1992 or 2006 Schemes joined the 2015 Scheme automatically on 1 April 2015 where no protection was in place. A further group transferred to this scheme during 2021/22 when their protection ended and as from 1 April 2022, all Firefighters who are members of a pension scheme will be transferred to the Fire 2015 Scheme.

Contributions to the schemes are calculated to spread the cost of pensions over employees working lives, in line with IAS19 Employee Benefits. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method and, in the intervening years, by rolling forward the scheme assets and liabilities in a desk top review.

Variations from regular cost are spread over the expected average remaining working lives of scheme members, taking into account future withdrawals. The expected cost of providing staff pensions to contributing employees is recognised in the SoCNE in accordance with IAS19, recognising retirement benefits as they are earned not when they are due to be paid.

Pension Scheme Assets

The FPS, NFPS and Fire 2015 Schemes, being unfunded, have no assets built up to meet pension liabilities. The attributable assets of the various Local Government Pension Schemes (LGPS) have been measured at fair value and are identified in a Note to the Accounts.

Pension Scheme Liabilities

The attributable liabilities of each scheme are measured on an actuarial basis using the projected unit method – i.e.

an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc.

The change in the Net Pension Liability shown in the SoFP consists of the following:

- **Current Service Cost**

This refers to the increase in liabilities as a result of years of service earned this year and is allocated to the cost of services in the SoCNE.

- **Expected Net Return on Assets**

The expected annual investment return on assets for the LGPS is based on long-term expectations as at 31 March 2022. This is shown net of the interest cost of each scheme, based on the discount rate and the present value of the scheme liabilities as at 31 March 2022.

- **Past Service Costs**

This refers to the increase in liabilities arising from current year decisions whose effect relates to years of service earned in previous years. This is debited to the surplus/deficit on the SoCNE.

- **Gains/Losses on Settlements and Curtailments**

The result of actions to relieve the SFRS of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the SoCNE.

- **Actuarial Gains and Losses**

Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.

- **Contributions Paid to the LGPS Pension Funds**

Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

- **Discretionary Benefits**

The SFRS has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as those applied to the relevant pension schemes.

Injury Awards

The SFRS has powers to make awards of injury benefits in the event of firefighters leaving through injury. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as those applied to the relevant compensation schemes.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held with banks.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Asset Recognition

All expenditure on the acquisition, creation or enhancement of property, plant and equipment (including Firefighter personal protective equipment) has been capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the SFRS and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Asset Measurement

Assets are initially measured at cost, comprising:

- the purchase price,
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management,
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Land and Buildings are included at Depreciated Replacement Cost (DRC) where there is no market-based evidence of fair value because of the specialist nature of the assets. In all other cases, Existing Use Value (EUV) has been used. As a minimum, five yearly valuations of Land, Buildings and Dwellings are carried out as part of a rolling programme, on the basis of current market value for land and depreciated replacement cost for buildings. In addition, impairment reviews are carried out on major assets and assets on which there has been significant expenditure, to determine if there has been any change in value in the years between valuations.

Assets included in the SoFP at fair value are revalued regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but every five years as a minimum. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

At 31 March 2022, all land, buildings and dwellings assets due for valuation under the five-year rolling programme (50% of portfolio), were re-valued by the SFRS's in-house Estates and Valuations Surveyor, Russell Munn (BSC MRICS). Where decreases in value are identified, the revaluation loss is accounted for:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant line in the SoCNE.

Donated Assets

Assets classified as donated are measured at fair value on receipt. The funding element is recognised as income and taken to the SoCNE. Any subsequent revaluations are taken to the Revaluation Reserve.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant line in the SoCNE.
- where an impairment loss is reversed subsequently, the reversal is credited to the relevant line in the SoCNE, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to Other Operating Charges in the SoCNE. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the SoFP (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Charges line in the SoCNE as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the SoCNE also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Assets Held for Sale

An asset is classified as held for sale when it meets all of the following criteria:

- It is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable,

- A plan agreed by management is in place and steps are actively being taken to conclude a sale, and
- It is actively being marketed with an expectation of a sale within the next 12 months.

Assets meeting these criteria are revalued and measured at the lower of their carrying amount immediately prior to reclassification and fair value less costs to sell. There is no depreciation on Assets Held for Sale.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts on a straight-line basis over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, Heritage Assets, surplus assets and assets held for sale) and assets that are not yet available for use (i.e. assets under construction).

Useful economic lives as estimated by experts are shown in the following table:

Category	Useful economic life
Buildings	10-64 years
Cars & Vans	5 years
Fire Appliances (including specialist appliances)	10-15 years
Equipment	3-20 years

Assets under construction are recognised at cost and are depreciated in the year they are transferred to operational assets.

Componentisation

In accordance with IAS16 Property, Plant and Equipment, a componentisation policy for material assets has been adopted with effect from 1 April 2013. The SFRS will componentise material assets with a carrying value over £0.5 million, unless, in the expert opinion of our professional valuer, it does not lend itself to componentisation by its complex nature. This will be carried out where material assets are acquired, revalued or enhanced. The SFRS policy noted above has been applied to all relevant assets brought on from legacy services and will continue to be applied as they are revalued through the five-year rolling programme of valuations.

Intangible Assets

Intangible assets have no physical substance but are identifiable and controlled by the SFRS. It can be established that there is an economic benefit or service potential associated with the item which will flow to the SFRS. This expenditure is mainly in relation to software licenses. Expenditure on the acquisition, creation or enhancement of intangible assets is capitalised on an accruals basis when it will bring benefits of longer than one year.

Intangible assets are initially measured at cost and included in the SoFP at net historical cost. Intangible assets are depreciated on a straight-line basis over the life of the asset (3 years).

Inventories

Inventories are included in the Statement of Financial Position on an average cost basis.

Leases

Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy, where fulfilment of the arrangement is dependent on the use of specific assets.

Operating Leases

Rentals payable under operating leases are charged to the SoCNE on a straight-line basis, over the term of the lease.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the SFRS a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the SFRS. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the SoFP but disclosed in a Note to the Accounts.

Reserves

The General Reserve represents the excess of expenditure over income on Grant in Aid funded operations, or other grant income streams, e.g. transitional funding.

The Revaluation Reserve represents the increase in value of land and buildings over their historical costs.

The Pensions Reserve represents timing differences arising from the accounting and funding arrangements required by IAS19 for post-employment benefits.

Taxation

Value Added Tax (VAT) is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Corporation Tax is payable on profit generated from business activities (including the disposal of assets no longer required) undertaken by the SFRS. Income from GiA is not subject to Corporation Tax.

Financial Instruments

Financial Assets

Financial assets held by the SFRS consist of Trade and Other Receivables and Cash and Cash Equivalents. Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

As the Cash requirements of the SFRS are met through Grant in Aid provided by the Safer Communities Directorate, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. Cash balances are held with the Government Banking Service (GBS). Transactional services are provided by NatWest, with

corporate banking arrangements held with The Royal Bank of Scotland. Therefore, the SFRS is not exposed to significant credit, liquidity or market risk in respect of financial assets. There is no difference between book value and fair value for cash and cash equivalents shown in the SoFP.

Financial Liabilities

Financial liabilities within the SFRS consist of Trade and Other Payables, and Borrowings. Trade payables are held at fair value and are typically non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the SFRS receives goods or services with no intention of trading the liability.

There are two types of Borrowings held by the SFRS:

- i) Public Works Loan Board (PWLB) loans were taken out by legacy services that carried out the Treasury Management function (i.e. borrowings and investments) in their own right. These are recognised on the SoFP at the point when the SFRS becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost, i.e. including accrued interest.

For borrowings held by the SFRS therefore, the amount presented on the SoFP is the outstanding principal repayable including accrued interest, and annual charges to the SoCNE for interest payable is the amount payable in the year on an accruals basis.

- ii) The second type of financial liability arises where the Treasury Management function for legacy Fire Services was carried out by the lead authority. Schedules have been provided by the lead authorities showing total outstanding debt, amounts of principal repayable each year, and indicative amounts of related interest payable each year. The interest is calculated by each former lead authority using a pooled interest rate which is applied to all loans in their portfolio.

In these cases, financial liabilities are shown in the SoFP at the values provided by the former lead authorities. Annual charges to the SoCNE for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument, as calculated by each former lead authority.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

Review of Accounting Policies and Estimation Techniques

These Annual Accounts have been prepared under IFRS incorporating any departures required by the FReM, and all accounting policies have been reviewed to ensure their continued relevance. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates and underlying assumptions are continuously reviewed.

The main areas of estimation relate to the following:

- The valuation of land and buildings, where the services of professionally qualified surveyors are used to ensure that best practice and consistency of approach is applied, and
- The valuation of Pension Scheme assets and liabilities, where professionally qualified actuaries are employed to provide the information required under IAS19 Employee Benefits.

Changes in Accounting Estimates

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Events after the Reporting Period

Events after the reporting period end represent those events which occur between the end of the reporting period and the date when the Annual Report and Accounts are authorised for issue by the Board.

Material events for which conditions exist at 31 March are reflected on an accruals basis within the financial year. The Note to the Accounts contain details of material events where their conditions did not exist as at 31 March.

The decision has been made to terminate a contract due to the failure of a supplier to perform their contractual responsibilities, in addition to financial difficulties that they are currently experiencing. The work is of a capital nature and an impairment will be required, which has been estimated at £5.2 million. This is not considered to be material and no financial adjustment is required. Other than this, there are no significant events affecting the SFRS which have occurred since the end of the financial year. Future developments include the publication of the new SFRS Strategic Plan 2022-25. This document was laid before Parliament on 3 October 2022 and provides the SFRS with a new set of Strategic Outcomes to report our performance against.

2. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the SFRS about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

No significant judgements have been made in applying the Accounting Policies.

The SFRS SoFP contains the following items for which there is a significant risk of material adjustment in the forthcoming year:

Item	Uncertainties	Effect if actual result differs from assumptions
Property, Plant and Equipment - Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it difficult for the Board to spend adequate funds on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation materially increases and the carrying amount of the assets falls. If asset values were impacted by a reduction of 1%, then the carrying value would be reduced by approximately £4 million (assuming all operational categories are affected).
Property, Plant and Equipment - Valuation	The assets subject to revaluation are noted in the Accounting Policies under "Asset Measurement" and includes the land and buildings portfolio. Valuations were carried out by in-house registered valuer Russell M Munn BSc MRICS to comply with the requirements of the RICS "Red Book", IFRS and the FReM. 50% of the land and buildings portfolio was revalued in the year 1 April 2021 to 31 March 2022.	A reduction in the valuations would result in reductions to the Revaluation Reserve and potentially a loss recorded in the Statement of Comprehensive Net Expenditure. The current balance of the Revaluation Reserve will fund a reduction in the Authority's land and buildings of £152.912 million before this would result in any charge to the Statement of Comprehensive Net Expenditure.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. Consulting actuaries are engaged to provide the Board with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £98.146 million. An increase of 0.1% in the salary rate and the pension rate would increase the liability by £15.280 million and £78.091 million respectively.

The valuer's report has been used to inform the measurement of the land and buildings portfolio in the Annual Accounts. The value of land and buildings as at 31 March 2022 is £420.290 million. Please refer to Note 24 Non-Current Assets for further details.

3. OTHER OPERATING CHARGES

	Year ended 31 March 2022	Year ended 31 March 2021
	£000s	£000s
Property Costs	25,400	24,582
Supplies and Services	23,201	18,577
Transport Costs	6,371	5,678
External Auditor (fee for audit of Annual Accounts)	114	106
Transport Costs - Members	2	3
Total	55,088	48,946

4. STAFF NUMBERS AND RELATED COSTS

The average number of persons employed in the year ended 31 March 2022 was 7,726 (7,834 in 2020/21). Staff costs are shown in the following table:

	Year ended 31 March 2022			Year ended 31 March 2021		
	Permanent	Others	Total	Permanent	Others	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Wages and Salaries	194,609	0	194,609	187,696	0	187,696
Other Pension Costs	174,247	0	174,247	170,365	0	170,365
Social Security Costs	19,035	0	19,035	17,915	0	17,915
Sub-total	387,891	0	387,891	375,976	0	375,976
IAS19 pension costs charged to net expenditure	16,939	0	16,939	(1,875)	0	(1,875)
Other staff related costs	6,008	1,522	7,530	7,170	1,357	8,527
Total net costs	410,838	1,522	412,360	381,271	1,357	382,628

Note that the total of £1.522 million shown under “Others” for the year ended 31 March 2022, (£1.357 million for the year ended 31 March 2021) represents the costs of staff employed on temporary contracts through employment agencies.

5. RECONCILIATION OF NET RESOURCE EXPENDITURE

	Year ended 31 March 2022	Year ended 31 March 2021
	£000s	£000s
Staff costs	227,322	219,067
Other Operating Charges	55,910	50,404
Loss on sale of assets	37	0
Total Expenditure	283,269	269,471
Income	(1,300)	(848)
(Gain) on sale of assets	0	(36)
Net Expenditure for the year	281,969	268,587
Reconciliation to Annual Accounts:		
Less:		
Impairments and Revaluations charged to the Revaluation Reserve	(7,500)	(10,804)
Add:		
Remeasurement loss on Pension Schemes	275,598	274,014
Pensions Interest adjustment	78,687	80,063
Depreciation and Impairment	23,847	24,500
Movement in Provisions	319	287
Net Pensions Account	2	(2)
Corporation Tax	1	1
Statement of Comprehensive Net Expenditure	652,923	636,646

6. INCOME FROM ACTIVITIES

	Year ended 31 March 2022 £000s	Year ended 31 March 2021 £000s
Fees and Charges	(581)	(41)
Training Course Income	(14)	(0)
Total	(595)	(41)

Income from activities is recovered on a full cost recovery basis. The significant increase in Income from Activities compared to 2020/21 relates to an increase in activity following the relaxation of COVID-19 restrictions.

7. OTHER INCOME

	Year ended 31 March 2022 £000s	Year ended 31 March 2021 £000s
Pensions	(167,870)	(165,350)
Seconded Officers	(679)	(525)
External Funding Grants	(882)	(622)
Other Property Income	(482)	(404)
Total	(169,913)	(166,901)

8A. INTEREST PAYABLE

	Year ended 31 March 2022 £000s	Year ended 31 March 2021 £000s
Interest Payable on Outstanding Debt	2,252	2,428
Total	2,252	2,428

8B. INTEREST RECEIVABLE

	Year ended 31 March 2022 £000s	Year ended 31 March 2021 £000s
Interest Receivable	0	27
Total	0	27

The SFRS inherited a deposit made with an Icelandic bank prior to its collapse in October 2008. The figure for year ended 31 March 2021 represents a payment due to the SFRS following successful recovery of funds by the bank's administrators. No further payments have been received or are expected.

9. TRADE AND OTHER RECEIVABLES

Analysis by Type

Amounts falling due within one year	As at 31 March 2022	As at 31 March 2021
	£000s	£000s
Trade Receivables	645	532
Other Receivables	6,168	7,550
Prepayments	2,012	2,541
Accrued Income	1,533	2,004
Total	10,358	12,627

Trade Receivables includes an estimate of £0.006 million (£0.006 million in 2020/21) for credit losses arising during 2021/22. There are no contracted receivables.

Analysis by Organisation

Amounts falling due within one year	As at 31 March 2022	As at 31 March 2021
	£000s	£000s
Central Government Bodies	7,014	8,291
Other Local Authorities	43	271
Public Corporations	6	6
Other Entities and Individuals	3,295	4,059
Total	10,358	12,627

10. TRADE AND OTHER PAYABLES

Analysis by Type

Amounts falling due within one year	As at 31 March 2022	As at 31 March 2021
	£000s	£000s
Accruals	29,305	21,420
Deferred Income	216	159
Trade and Other Payables	3,433	6,099
Other Taxation and Social Security	5,188	4,756
Total	38,142	32,434

Analysis by Organisation

Amounts falling due within one year	As at 31 March 2022	As at 31 March 2021
	£000s	£000s
Bodies External to Government	22,236	21,147
Central Government Bodies	12,184	7,128
Accumulated Absences	3,336	3,508
Local Authorities	88	373
Public Corporations	298	278
Total	38,142	32,434

Included within the figure of £12.184 million for Central Government Bodies as at 31 March 2022 was a balance of £2.095 million relating to Firefighters' Pensions (£0.960 million Trade Receivable in 2020/21). Further analysis is shown in Note 29.

11. CORPORATION TAX

Corporation Tax is due to be paid by the SFRS on any chargeable gains made from the sale of properties and any other income generated from non-business activities. There were no chargeable gains made during 2021/22 from the sale of properties. £0.001 million is payable to HMRC for the year ended 31 March 2022 (£0.001 million in 2020/21).

12. CASH AND CASH EQUIVALENTS

	As at 31 March 2022	As at 31 March 2021
	£000s	£000s
Government Banking Service Bank Account	413	393
Commercial Banks and Cash in Hand	134	129
Total	547	522

13. PENSIONS

As part of the terms and conditions of employment of its employees, the SFRS offers retirement benefits. Although these benefits will not actually be payable until employees retire, the SFRS has a commitment to disclose the payments to be made in the future. The SFRS currently participates in the four defined benefits pension schemes and a discretionary injury benefits scheme set out below:

- The **Local Government Pension Scheme (LGPS)** for support staff is a funded scheme, meaning that the SFRS and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The employer contribution rate in 2021/22 was between 17.0% and 29.3% of the employees' pensionable pay depending on which local authority the employee's pension was held with. For 2022/23 there is no change to these rates. Employee contribution rates are tiered dependent on salary. This is now a CARE scheme, whereby pension benefits are based on earnings within each year worked, not final salary as previously, which are index-linked and totalled on retirement to provide an annual pension.
- The **Firefighters' Pension Scheme 1992 (FPS)** for wholetime uniformed personnel. This is an unfunded scheme, meaning there are no investment assets built up to meet pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. This scheme was closed to new members as at 5 April 2006.
- The **Firefighters' Pension Scheme 2006 (NFPS)** is for wholetime and retained uniformed personnel, and is also unfunded, similar to the FPS. As this scheme came into effect on 6 April 2006, the pension liabilities and service costs are lower in comparison to the FPS. The majority of personnel in this Scheme transferred to the Fire 2015 Scheme on 1 April 2015. A recent development within this Scheme has been to allow retained firefighters who were employed by the Service between 1 July 2000 and 5 April 2006, access to purchase benefits to this Scheme to provide them with comparable pension benefits to those enjoyed by wholetime firefighters during this period. This sub Scheme is known as the Retained Duty System (RDS) Modified Pension Scheme.
- The **Fire 2015 Scheme** was introduced on 1 April 2015 and is a CARE scheme rather than a final salary pension scheme. All new employees entering the Service will join this Scheme automatically. Under the new arrangements the normal pension age for firefighters will be 60 which reflects the current retirement age for the 2006 Scheme. Firefighters who were previously in the 1992 or 2006 Schemes joined the 2015 Scheme automatically on 1 April 2015 where no protection was in place. A further group have transferred to this scheme during 2021/22 depending on their circumstances and as of 1 April 2022, all firefighters will be transferred to this scheme.
- The SFRS has powers to make awards of **injury benefits** in the event of firefighters leaving through injury. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same principles as those applied to the relevant pension schemes. Similar to the FPS and NFPS, there are no assets held to back the liabilities of this scheme, and cash must be generated to meet actual payments as they fall due.

From 1 April 2015, the Scottish Public Pensions Agency (SPPA) became responsible for administering the Firefighters' Schemes. The LGPS are currently administered by the following local authorities: Dumfries and Galloway Council, Dundee City Council, Falkirk Council, Fife Council, Highland Council, Lothian Pensions Fund, North East Scotland Pension Fund and Strathclyde Pension Fund. The liabilities in respect of Pensions are significant, however statutory arrangements are in place to fund the deficits:

- LGPS deficits will be funded through increased contributions over the remaining working lives of employees as assessed by the various Scheme actuaries.
- Firefighters' Pension Schemes will be funded through increased contributions over the remaining working lives of employees as assessed by national pension administrators and specific grant receivable from the Scottish Government to meet any funding shortfall.

(a) Actuarial Methods and Assumptions

Four actuaries (Government Actuary's Department (GAD), Barnett Waddingham LLP, Hymans Robertson LLP and Mercer) were engaged to assess the value of the SFRS' liability as at 31 March 2022, as they were the actuaries for each of the respective Pension Funds noted above.

A full valuation of the LGPS was undertaken as at 31 March 2020 for all the 8 Schemes. The full actuarial valuation involved projecting future cashflows to be paid and placing a value on them. These cashflows include pensions that may be payable in future to members of all schemes or their dependents. The Statement of Financial Position and the projected charge to the SoCNE for 2021/22 are based on the results of this recent formal valuation.

The Firefighters' Pension Schemes liability as at 31 March 2022 has been calculated by rolling forward the liabilities determined from full actuarial valuation calculations carried out as at 31 March 2016 in a consistent manner to that used last year. Whilst it is not possible to assess the accuracy of the Firefighters' Pension Schemes liability as at 31 March 2022 without completing a full valuation, the actuaries are satisfied that the approach of rolling forward the previous valuation data to 31 March 2022 will not materially distort results, providing actual experience is in line with underlying assumptions. The next full valuation of the scheme with an effective date of 31 March 2020, is still ongoing. The projected unit method of valuation has been used to calculate the service cost, as required by IAS19.

The main assumptions used in their calculations are shown in the following table:

	LGPS		Firefighters' Schemes		Injury Benefits	
	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
Mortality assumptions:						
Longevity at 60 for current pensioners						
Men	-	-	25.0	24.9	25.0	24.9
Women	-	-	25.0	24.4	25.0	24.4
Longevity at 60 for future pensioners						
Men	-	-	26.7	26.7	26.7	26.7
Women	-	-	26.7	26.2	26.7	26.2
Longevity at 65 for current pensioners						
Men	18.9-21.5	18.9-21.5	20.2	20.2	20.2	20.2
Women	22.3-24.2	22.2-24.2	20.2	19.7	20.2	19.7
Longevity at 65 for future pensioners						
Men	20.3-23.0	20.2-23.1	21.9	21.8	21.9	21.8
Women	23.9-26.3	23.8-26.3	21.9	21.4	21.9	21.4
Rate of inflation (RPI)	3.5%-4.0%	3.20%-3.35%				
Rate of inflation (CPI)	3.15%-3.3%	2.7%-2.85%	2.9%	2.22%	2.9%	2.22%
Rate of increase in salaries	3.7%-4.8%	3.35%-4.2%	4.15%	3.72%	4.15%	3.72%
Rate of increase in pensions	3.2%-3.4%	2.8%-2.85%	2.9%	2.22%	2.9%	2.22%
Rate for discounting scheme liabilities	2.6%-2.8%	2.0%-2.1%	1.55%	1.25%	1.55%	1.25%

In the year ended 31 March 2022, membership consists of those employees who transferred from legacy Fire and Rescue Services on 1 April 2013 plus new entrants.

With regards the discount rates used in the valuation the actuaries have applied different discount rates as shown below. High level sensitivity analysis is included in Note 2, with more detail shown below.

- GAD: the discount rate used is the rate published in the HMT Public Expenditure System PES (2021) 10 Revised, dated 13 December 2021 for Annual Accounts prepared under FReM.
- Barnett Waddingham: an estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration of 19 years. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30-year point) for the LGPS. This is consistent with the approach used at the previous accounting date. This actuary measured 7% of the total LGPS pension liability.
- Hymans Robertson: a Corporate Bond yield curve has been constructed using the UBS corporate bond curve (derived by applying the UBS delta curve fitting methodology to the constituents of the iBoxx £

Corporate AA index). The discount rate reflects the 'term' of the benefit obligation which they interpret to be the weighted average duration of the benefit obligation. They calculate the weighted average duration for each employer and categorise each employer's duration. This actuary measured 75% of the total LGPS pension liability.

- Mercer: the discount rate has been determined from a yield curve including all corporate bonds with an AA rating from one of the three main agencies and that meet Mercer's criteria for inclusion. This actuary measured 18% of the total LGPS pension liability.

The RPI increase assumptions for each actuary are also different, as follows:

- Barnett Waddingham: the RPI assumption is set using the Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above.
- The Hymans Robertson rate is typically derived from yields available on fixed interest and index-linked government bonds and should be consistent with the derivation of the discount rate.
- Mercer also uses the yield curve approach, deriving inflation from spot rates of conventional and index-linked gilts applicable to each duration at which liabilities are projected to be paid in the future.

Sensitivity Analysis

The following table shows the impact changes in actuarial assumptions would have on the total defined benefit obligation, including both LGPS and Firefighter Schemes.

	31 March 2022		31 March 2021	
	Change in Employer Liability *	Approximate Monetary amount	Change in Employer Liability *	Approximate Monetary amount
	(%)	£000s	(%)	£000s
0.1% increase in real discount rate	1.9%-2.0%	98,146	1.8%-2.2%	98,567
1-year increase in member life expectancy	3.0%-4.8%	182,107	3.0%-4.9%	169,762
0.1% increase in salary rate	0.2%-0.3%	15,280	0.2%-0.4%	15,376
0.1% increase in pensions increase rate (CPI)	1.5%-2.0%	78,091	1.5%-2.0%	78,305

* percentage depends on Actuary

Expected Return on Assets

The FPS is unfunded and therefore no assets back the scheme.

For the LGPS, the expected return and the interest cost for accounting years beginning on or after 1 January 2013 has been replaced with a single net interest cost, which effectively sets the expected return equal to the IAS19 discount rate. The assets held by the Pension Funds are valued at fair value, principally market value for investments.

(b) Statement of Net Comprehensive Expenditure

The following transactions have been made in the SoCNE in relation to the LGPS and both Firefighter schemes.

Narrative	Year ended 31 March 2022				Year ended 31 March 2021			
	LGPS	Combined FPS	Injury Benefits	Total	LGPS	Combined FPS	Injury Benefits	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Current service costs	15,656	129,200	2,600	147,456	10,362	115,600	2,300	128,262
Past service costs / (gains)	47	0	0	47	24	0	0	24
Losses / (gains) on curtailments and settlements	0	0	0	0	0	0	0	0
Admin Expenses	20	0	0	20	16	0	0	16
Total Service cost	15,723	129,200	2,600	147,523	10,402	115,600	2,300	128,302
Employer contribution	(6,584)	(121,700)	(2,300)	(130,584)	(6,177)	(121,800)	(2,200)	(130,177)
Deducted from/(Added to) Staff Costs	9,139	7,500	300	16,939	4,225	(6,200)	100	(1,875)
Net Interest Cost *	1,248	59,500	1,000	61,748	938	79,700	1,300	81,938
Impact on Net Expenditure after Interest	10,387	67,000	1,300	78,687	5,163	73,500	1,400	80,063
Remeasurements recognised in Other Comprehensive Income								
Actuarial losses / (gains)	(45,402)	316,700	4,300	275,598	14,514	252,000	7,500	274,014

* Note: the following table extracts figures from above to allow easier reconciliation to the figures shown for total Net Interest Cost and Actuarial Gains and Losses in the SoCNE and Statement of Changes in Taxpayers' Equity (SoCITE), for LGPS, Combined FPS and Injury Benefits.

	Year ended 31 March 2022	Year ended 31 March 2021
	£000s	£000s
Net Interest Cost		
LGPS	1,248	938
Combined FPS	59,500	79,700
Injury Benefits	1,000	1,300
Total Net Interest Cost	61,748	81,938
Actuarial Losses / (Gains)		
LGPS	(45,402)	14,514
Combined FPS	316,700	252,000
Injury Benefits	4,300	7,500
Total Actuarial Losses / (Gains)	275,598	274,014

The table above shows an increase in the actuarial loss of £1.584 million, from £274.014 million in 2020/21 to £275.598 million in 2021/22.

The change in the Combined FPS Scheme liability is primarily due to increases in the expectations for future pension increases, from 2.22% to 2.9% and long-term pay increases from 3.72% to 4.15%, albeit these have been offset to an extent by an increase in the discount rate used from 1.25% to 1.55%.

In relation to the LGPS, the Statement of Financial Position is based on the 2020 Fund valuations. Within the LGPS, there has been an increase in investment markets over the period which has resulted in an increase in asset values (total assets of £355.202 million in 2021/22 compared to £329.610 million in 2020/21, see table 13(c) below). There has also been an increase in the nominal discount rate from 2.0-2.1% p.a. to 2.6-2.8% p.a. and an increase in CPI from 2.7-2.85% to 3.15-3.3% which has decreased the liabilities.

Statement of Financial Position

IAS19 requires the SFRS to account for pension liabilities of £5.252 billion as at 31 March 2022, (£4.898 billion in 2020/21) as valued by the actuaries mentioned above.

	As at 31 March 2022	As at 31 March 2021
	£000s	£000s
Present value of liabilities:		
- Local Government Pension Scheme	(379,076)	(388,499)
- Firefighters' Pension Schemes	(5,140,993)	(4,757,293)
- Injury Benefits	(87,562)	(81,962)
Fair value of assets in the Local Government Pension Scheme	355,202	329,610
Total	(5,252,429)	(4,898,144)
Deficit in the scheme:		
- Local Government Pension Scheme	(23,874)	(58,889)
- Firefighters' Pension Schemes	(5,140,993)	(4,757,293)
Sub-total	(5,164,867)	(4,816,182)
- Injury Benefits	(87,562)	(81,962)
Total	(5,252,429)	(4,898,144)

The liabilities as at 31 March 2022 show the underlying commitments that the SFRS has in the long run to pay retirement benefits. The total liability of £5.252 billion has a substantial impact on the net worth of the SFRS as recorded in the SoFP, resulting in a negative overall balance of £4.773 billion. However, statutory arrangements for funding the deficit mean that the financial position of the SFRS remains healthy:

- The deficit on the local government scheme will be made good by increased contributions from the SFRS over the remaining working life of employees, as assessed by the scheme actuary, to ensure that accrued benefits can be paid. The total future contributions expected to be made to the LGPS in the year ending 31 March 2023, based on current membership in the year ended 31 March 2022, is £6.183 million.
- Finance is only required to be raised to cover firefighters' pensions and injury benefits when the payments are actually made. GAD has calculated that the expected future contributions to be made in the year ending 31 March 2023 (based on current membership in the year ended 31 March 2022) will be 81% of pensionable salaries for the Firefighters' Pension Schemes and 1.6% of pensionable salaries for injury benefits. Under recent arrangements, Firefighters' Pensions are funded by the Scottish Government.

The following table shows the weighted average duration of the defined benefit obligation for scheme members for each of the schemes.

	LGPS		Firefighter Schemes		Injury Benefits	
	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
Weighted average duration in years of the defined benefit obligation	20.1	20.1	21.0	20.0	21.0	20.0

(c) Asset and Defined Benefit Obligation Reconciliation

Reconciliation of opening and closing deficit	LGPS Year ended 31 March 2022	Combined FPS Year ended 31 March 2022	Injury Benefits Year ended 31 March 2022	LGPS Year ended 31 March 2021	Combined FPS Year ended 31 March 2021	Injury Benefits Year ended 31 March 2021
	£000s	£000s	£000s	£000s	£000s	£000s
Deficit at beginning of year	(58,889)	(4,757,293)	(81,962)	(39,212)	(4,431,793)	(73,062)
Current Service Cost	(15,656)	(129,200)	(2,600)	(10,362)	(115,600)	(2,300)
Employer Contributions	6,584	121,700	2,300	6,177	121,800	2,200
Past Service Costs	(47)	0	0	(24)	0	0
Curtailments / Settlements	0	0	0	0	0	0
Admin Expenses	(20)	0	0	(16)	0	0
Net Interest Cost	(1,248)	(59,500)	(1,000)	(938)	(79,700)	(1,300)
Actuarial (losses) / gains	45,402	(316,700)	(4,300)	(14,514)	(252,000)	(7,500)
Deficit at end of year	(23,874)	(5,140,993)	(87,562)	(58,889)	(4,757,293)	(81,962)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	LGPS Year ended 31 March 2022	Combined FPS Year ended 31 March 2022	Injury Benefits Year ended 31 March 2022	LGPS Year ended 31 March 2021	Combined FPS Year ended 31 March 2021	Injury Benefits Year ended 31 March 2021
	£000s	£000s	£000s	£000s	£000s	£000s
Opening Defined Benefit Obligation	(388,498)	(4,757,293)	(81,962)	(305,279)	(4,431,793)	(73,062)
Current Service Cost	(15,656)	(129,200)	(2,600)	(10,362)	(115,600)	(2,300)
Interest Cost	(7,880)	(59,500)	(1,000)	(7,079)	(79,700)	(1,300)
Member Contributions	(1,997)	0	0	(1,882)	0	0
Curtailments / Settlements	0	0	0	0	0	0
Past Service Costs	(47)	0	0	(24)	0	0
Transfers In from Other Authorities	0	(1,300)	0	0	(1,300)	0
Transfers Out to Other Authorities	0	500	0	0	1,400	0
Estimated Benefits paid	7,334	122,500	2,300	6,971	121,700	2,200
Actuarial (losses) / gains	27,668	(316,700)	(4,300)	(70,843)	(252,000)	(7,500)
Closing Defined Benefit Obligation	(379,076)	(5,140,993)	(87,562)	(388,498)	(4,757,293)	(81,962)

Reconciliation of opening and closing balances of the fair value of Scheme assets	LGPS Year ended 31 March 2022	LGPS Year ended 31 March 2021
	£000s	£000s
Opening fair value of Scheme assets	329,610	266,067
Expected return on Scheme assets	6,632	6,142
Member Contributions	1,996	1,882
Curtailments / Settlements	0	0
Employer Contributions	6,584	6,177
Admin Expenses	(20)	(16)
Estimated Benefits paid	(7,334)	(6,971)
Actuarial (losses) / gains	17,734	56,329
Fair value of Scheme assets at end of year	355,202	329,610

The FPS has no assets to cover its liabilities. LGPS assets are valued at fair value, principally market value for investments. The expected return on LGPS assets is based on the long-term future expected investment return for each asset class. These assets consist of the following categories:

Asset	Year ended 31 March 2022			Year ended 31 March 2021		
	Quoted Prices in Active Markets	Prices not quoted in an active market	Total	Quoted Prices in Active Markets	Prices not quoted in an active market	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Equity Securities						
Consumer	23,046	8	23,054	24,261	0	24,261
Manufacturing	18,917	27	18,944	20,837	78	20,915
Energy and Utilities	6,371	14	6,385	5,798	28	5,826
Financial Institutions	14,270	17	14,287	15,837	0	15,837
Health and Care	13,880	19	13,899	11,341	71	11,412
Information Technology	18,687	0	18,687	15,957	0	15,957
Other	25,790	0	25,790	25,417	0	25,417
Sub-total	120,961	85	121,046	119,448	177	119,625
Debt Securities						
Corporate Bonds	6,140	277	6,417	3,901	313	4,214
UK Government Bonds	8,658	1,035	9,693	4,869	656	5,525
Other	1,473	992	2,465	624	2	626
Sub-total	16,271	2,304	18,575	9,394	971	10,365
Private Equity	6	37,053	37,059	0	39,204	39,204
Property	8,097	20,405	28,502	5,453	18,393	23,846
Investment Funds and Unit Trusts						
Equities	26,605	68,048	94,653	24,512	58,551	83,063
Bonds	5,981	19,649	25,630	8,166	22,300	30,466
Commodities	1,236	61	1,297	0	70	70
Infrastructure	501	8,322	8,823	528	2,123	2,651
Other	1,173	3,895	5,068	2,785	5,186	7,971
Sub-total	35,496	99,975	135,471	35,991	88,230	124,221
Derivatives						
Foreign Exchange	3	0	3	60	0	60
Other	0	0	0	30	0	30
Sub-total	3	0	3	90	0	90
Cash and Cash Equivalents	14,486	60	14,546	12,146	113	12,259
Total	195,320	159,882	355,202	182,522	147,088	329,610

(d) Statement of Changes in Taxpayers Equity

The actuarial gains and losses identified as movements on the Pensions Reserve for the year ended 31 March 2022 can be analysed into the following categories, as at 31 March 2022:

	Year ended 31 March 2022				Year ended 31 March 2021			
	LGPS	FPS	Injury Benefits	Total	LGPS	FPS	Injury Benefits	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Actual return less expected return on pension scheme assets	17,734	0	0	17,734	56,329	0	0	56,329
Changes in assumptions underlying the present value of the scheme liabilities	27,668	(316,700)	(4,300)	(293,332)	(70,843)	(252,000)	(7,500)	(330,343)
Actuarial (losses) / gains in pension scheme	45,402	(316,700)	(4,300)	(275,598)	(14,514)	(252,000)	(7,500)	(274,014)
Actuarial (losses) / gains recognised in Statement of Changes in Taxpayers Equity	45,402	(316,700)	(4,300)	(275,598)	(14,514)	(252,000)	(7,500)	(274,014)

14. RELATED PARTY TRANSACTIONS

The SFRS is an Other Significant Public Body sponsored by the Scottish Government Safer Communities Directorate. The Scottish Government is regarded as a related party. During the year, the SFRS had various material transactions with the Scottish Government and in addition had a number of material transactions with other government bodies (HMRC, Debt Management Office (DMO), local authorities and LGPS offices). During the year, apart from their service contracts, no Board member or senior employee or related parties have undertaken any material transactions with the SFRS. There are related party relationships with the SFRS Educational, Cultural and Commemorative Trust (known as Fire and Rescue Heritage Scotland) and the SFRS Family Support Trust, both of which are charities where Trustees are employees of the SFRS.

Further information on Board members is contained within the Annual Governance Statement in the Annual report and can also be found on the [SFRS website](#).

15. OPERATING LEASES

SFRS as Lessee

The SFRS inherited a number of leases after the transfer of assets and liabilities from the legacy Fire and Rescue Services on 1 April 2013. Leases were entered into for a number of reasons including office accommodation; land on which to locate Community Fire Stations and garages to house fire appliances; radio masts for communications purposes; and leased cars for employees who meet the criteria.

The following tables show the future minimum payments committed to by the SFRS by category in accordance with the terms of the lease agreements.

Land and Buildings (including radio masts)	Year ended 31 March 2022	Year ended 31 March 2021
	£000s	£000s
Not later than one year	376	376
Later than one year but not later than 5 years	595	656
Later than 5 years	965	965
Total	1,936	1,997

The total charged to the SoCNE in the year ended 31 March 2022 for leases relating to Land and Buildings was £0.364 million (£0.318 million in 2020/21). Many of the above leases are on a rolling basis and can therefore be cancelled at any time; thus, future lease payments for such leases have not been included in the above table.

Vehicles, Plant and Equipment (Car leases)	Year ended 31 March 2022	Year ended 31 March 2021
	£000s	£000s
Not later than one year	48	61
Later than one year but not later than 5 years	44	23
Total	92	84

The total charged to the SoCNE in the year ended 31 March 2022 for car leases was £0.124 million (£0.143 million 2020/21).

SFRS as Lessor

The SFRS leases out property and equipment under operating leases for a number of purposes, including radio masts and accommodation to various agencies. These leases can be cancelled at any time by the SFRS and therefore no future lease payments can be guaranteed after 2022. Rents receivable in the year ended 31 March 2022 totalled £0.482 million (£0.404 million in 2020/21). Included within rent receivable for 2021/22 was £0.385 million (£0.282 million in 2020/21) in relation to contingent rents, being recharge of utility costs for a number of the leased premises.

During 2021/22 there were 39 different lease agreements in place with 11 different organisations. Of the 39 lease agreements, 33 of these related to rental of office space or accommodation, 3 related to rental of land and 3 related to rental of radio masts to accommodate equipment.

16. PROVISIONS

The following table shows the provisions transferred from legacy services and adjusted/added to by the SFRS. The provision for Public and Employee Liability exposure relates to obligations due in respect of any known liability claims made against the SFRS by third parties as at 31 March 2022. Whilst the SFRS knows about these claims when they arise and can use past experience to estimate the likely liability, the actual timing of these payments is uncertain as a result of the claims process having to run its course and for agreement to be reached with the insurers.

The other provisions represent obligations due in respect of legacy service employee related liabilities and are based on the latest information available at this time.

	Provisions less than one year			Provisions over one year		
	Public & Employee Liability Exposure	Other related liabilities	Total	Public & Employee Liability Exposure	Other related liabilities	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Balance as at 1 April 2020	1,307	240	1,547	0	0	0
Additional provisions made year ended 31 March 2021	338	0	338	0	0	0
Amounts used year ended 31 March 2021	0	0	0	0	0	0
Unused amounts reversed in year ended 31 March 2021	(51)	0	(51)	0	0	0
Transfer from / (to) Long Term Provisions	0	0	0	0	0	0
Balance as at 31 March 2021	1,594	240	1,834	0	0	0
Additional provisions made year ended 31 March 2022	506	0	506	0	0	0
Amounts used year ended 31 March 2022	(187)	0	(187)	0	0	0
Unused amounts reversed in year ended 31 March 2022	0	0	0	0	0	0
Transfer from / (to) Long Term Provisions	(1,275)	0	(1,275)	1,275	0	1,275
Balance as at 31 March 2022	638	240	878	1,275	0	1,275

17. FUTURE CAPITAL COMMITMENTS

The following table reflects commitments to capital projects for the financial year ending 31 March 2022 of £24.080 million (£11.880 million in 2020/21). This includes £5 million committed to Frontline Appliances that will be incurred in 2023/24.

	Year ended 31 March 2022
	£000s
Property	
West Asset Resource Centre	11,500
Property Project Costs	300
Property Minor Works Projects	461
Training Sites Life Cycle Programme	100
Vehicles	
Frontline Appliances	6,835
Aerial Platforms & Body builds	389
Light Fleet Vehicles	79
Zero Emission Appliance	108
Infrastructure	
Transition to Net Zero – Electric Car Charging Points – Phase 4	1,500
ICT Equipment	
PC's, Laptops, Peripherals	34
Systems Infrastructure	185
Command & Control Futures Project	2,589
Total	24,080

18. FINANCE LEASES

The SFRS has inherited finance leases from legacy services covering a fire station and garage at Lochaline.

This is an arrangement with Highland Council which commenced on 29 March 2012 with a duration of 30 years. A grassum was paid at the time and therefore there is no outstanding lease obligation.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into such as adjustments following rent reviews.

19. GRANT IN AID

	Year ended 31 March 2022	Year ended 31 March 2021
	£000s	£000s
Cash GiA received to meet operational expenditure	272,055	271,127
Cash GiA received to fund replacement capital expenditure	38,783	36,849
Total	310,838	307,976

Grant in Aid income received from the Scottish Government for the financial year ended 31 March 2022 was £310.838 million compared to a budget of £319.138 million. £4.6m of the variance of £8.3 million relates to working capital due to the timing of the VAT reclaim and changes in year-end creditors and accruals. £3.7m of the variance was due to an additional GIA budget for the re-classification of un-issued PPE from Stock to the Capital Budget in the year. This was a non-cash budget adjustment from Scottish Government.

No funds were drawn down in advance of need, as cash was only requested to meet expenditure as and when it was forecast to be required.

20. LONG TERM DEBTORS

Long term debtors consist of arrears payable to the Retained Duty System (RDS) Modified Pension Scheme and loans to employees in relation to payroll transition for a legacy service, whereby payments will be recovered at the end of an employee's service.

	As at 31 March 2022	As at 31 March 2021
	£000s	£000s
Employee Pension Arrears repayment	835	1,034
Employee soft loans relating to legacy service payroll transition	57	70
Total	892	1,104

21. INVENTORIES

The main categories of inventory held are shown below.

	Consumables	Fuel	Total
	£000s	£000s	£000s
Opening Balance as at 1 April 2020	6,941	499	7,440
Movement during the year	(899)	(240)	(1,139)
Stock written off	(150)	0	(150)
Opening Balance as at 1 April 2021	5,892	259	6,151
Movement during the year	(4,626)	63	(4,563)
Stock written off	(63)	(2)	(65)
Closing Balance as at 31 March 2022	1,203	320	1,523

The movement during the year of £4.563 million (£1.139 million in 2020/21) includes inventory recognised as an expense of £2.231 million (£2.676 million in 2020/21). The remaining £2.332 million consists of the reclassification of unissued personal protective equipment (PPE) from inventory to Property, Plant and Equipment (i.e. non-current asset) and receipts of inventory.

22. RESOURCE LIMIT – OUTTURN YEAR ENDED 31 MARCH 2022

Expenditure Type	Year ended 31 March 2022			Year ended 31 March 2021
	Outturn	Budget	Variance	Variance
	£000s	£000s	£000s	£000s
Department Expenditure Limit (DEL)				
Net Resource Expenditure	281,969	282,326	(357)	(2,339)
Net Capital Expenditure	38,783	36,812	1,971	(1)
Total DEL Expenditure	320,752	319,138	1,614	(2,340)
Ring-fenced DEL				
Depreciation	23,828	27,000	(3,172)	631
Total Ring-fenced DEL	23,828	27,000	(3,172)	631
Impairment	19	8,000	(7,981)	(8,885)
Provisions	319	1,000	(681)	(1,713)
Pension	10,387	7,000	3,387	(1,837)
Corporation Tax	1	1	0	0
Total Annually Managed Expenditure (AME)	10,726	16,001	(5,275)	(12,435)
Total Managed Expenditure	355,306	362,139	(6,833)	(14,144)

The outturn figures in the previous table are shown on an accruals basis. The total variance of £6.833 million represents both cash and non-cash underspends in the year ended 31 March 2022; the major contributing reasons are as follows.

Our key measure of financial performance is the comparison of expenditure against Departmental Expenditure Limit (DEL) funding provided by the Scottish Government.

The Resource DEL variance of £0.357 million for the year ended 31 March 2022 relates to a combination of factors noted in the following table and explained further in the subsequent narrative.

	£000s	£000s
Employee Costs		
Retained Activity	(2,076)	
Support Staff vacancies	(511)	
Uniformed Staff Overtime	3,573	
Other (see narrative following this table)	(1,221)	
		(235)
Operating Charges		
Property	(445)	
Transport	(576)	
Supplies and Services	948	
Other (see narrative following this table)	(149)	
		(222)
Income under-recovery		63
Loss on Disposal of Assets		37
Net underspend		(357)

There was a total underspend in Employee Costs of £0.235 million. Retained activity, impacted by COVID-19, accounted for an underspend of £2.076 million and challenges in filling Support Staff vacancies (also due to COVID-19) added a further £0.511 million. Wholetime Firefighter and Control costs however, accounted for an overspend of £3.573 million, due to the impact of COVID-19 on maintaining crewing levels and attending the COP26 climate summit which resulted in increased overtime costs. Other employee costs including subsistence, early retirement charges and adjustments for holiday pay accounted for the remaining underspend of £1.221 million in Employee Costs.

There was a total underspend of £0.222 million in Other Operating Charges, consisting of the following. There was a saving of £0.445 million in Property Costs mainly due to the successful challenge of rateable values across the estate. Transport Costs also underspent by £0.576 million due to

reduced travel, with COVID-19 being the most significant factor. Supplies and Services overspent by £0.948 million mainly in respect of increased communications and telephony costs, with Other Expenses accounting for the remaining £0.149 million underspend.

Furthermore, income was under-recovered by £0.063 million and there was a loss of £0.037 million on the disposal of assets.

There was a £1.971 million overspend on Capital DEL. This was fully authorised by the Scottish Government, following additional Capital funding becoming available from within the overall Scottish Government budget. This allowed the Service to invest in fleet and ICT and accelerate the West Asset Resource Centre project.

The Ring Fenced DEL budget for Depreciation in the year was £27 million, with the actual requirement being £23.828 million, resulting in an underspend of £3.172 million. A change in Capital programme priorities over the year resulted in higher expenditure on Asset categories like Buildings and Dwellings, which have significantly higher useful lives compared to Vehicles, ICT Equipment and Operational Equipment. The Asset categories with higher useful lives therefore result in lower depreciation charges.

The AME Impairment budget of £8 million covers the impairment of properties through the normal rolling programme of property valuations. The actual impairment in 2021/22 reflects the net position of upwards revaluations of assets, offset against significant prior year impairments caused by the deduction of fourteen Fire Stations where RAAC roofs were discovered. A full impairment review was undertaken by the SFRS's Estates and Valuation Surveyor for these properties in 2019/20, which resulted in a higher impairment charge than anticipated for that year. This reduction in value for all RAAC roof properties resulted in a decrease in the Revaluation Reserve in that year. The subsequent increase in valuation of these properties in 2021/22 was offset against the prior year's impairment, thus reducing the increase to the Revaluation Reserve in 2021/22. This has consequently resulted in a much lower impairment charge than anticipated in the year. The actual impairment in 2021/22 is £0.019 million, £7.981 million lower than budget.

The variance on the AME Provisions budget of £0.681 million reflects the impact of new provisions being recognised and the release of provisions no longer required during the year being less than budgeted.

AME Pension budget of £7.0 million was provided to cover the impact on the SoCNE of LGPS IAS19 adjustments (see Note 13 (b), Statement of Net Comprehensive Expenditure). The effect of these adjustments in 2021/22 is £10.387 million compared to £5.163 million in 2020/21, resulting in an over-utilisation of budget cover of £3.387 million. The main reason for this is due to an increase in the current service cost, where financial and demographic assumptions used by the actuaries have all increased.

The combined AME budget across all items remains under-utilised by £5.275 million.

23. FINANCIAL INSTRUMENTS

Disclosure of Nature and Extent of Risk Arising from Financial Instruments

Key Risks

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

The main elements of risks that the Board are exposed to are:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Board;
- **Liquidity risk** – the possibility that the Board might not have funds available to meet its commitments to make payments; and
- **Market risk** – the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rates and stock market movements.

Overall Procedures for Managing Risk

The Board's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The Board formally adopts the requirements set out within the Financial Reporting Manual (FReM) and the Scottish Public Finance Manual and through The Audit and Risk Assurance Committee, ensures that appropriate risk management, governance and internal control systems, principles and policies are in place and operating effectively. These principles are implemented and followed by the Finance Department.

Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks as well as credit exposure to customers.

For banks, funds are held and transacted through Government Banking Scheme accounts. Transactional services are provided by NatWest, with corporate banking arrangements held with The Royal Bank of Scotland. Therefore, there is little exposure to credit risks from these deposits.

Credit risk is the risk of financial loss to the Board if a customer fails to meet their contractual obligations. Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Board.

The following analysis summarises the Board's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

Narrative	As at 31 March 2022	As at 31 March 2021
	£000s	£000s
Trade Receivables	645	532
Total	645	532

Of the £10.842 million total Trade and Other Receivables figure (£12.627 million in 2020/21), £0.645 million (£0.532 million in 2020/21) relates to trade receivables. The SFRS generally allows 30-day credit terms for its trade receivables, and all efforts will be made to ensure that debts are paid. Trade receivables can be analysed by age as shown in the following table:

	As at 31 March 2022	As at 31 March 2021
	£000s	£000s
Less than three months	608	475
Three to six months	2	0
Six months to one year	5	4
More than one year	30	53
Total	645	532

Collateral – During this and the previous reporting period, the Board held no collateral as security.

Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due. This risk is managed by ensuring that enough funds are available to meet liabilities as they fall due by carrying out rigid and close monitoring of cashflow on a daily basis and regular reviews of expenditure requirements during the month. The Board's main source of income is Grant in Aid income provided by the Scottish Government. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risk

Market Risk is the risk that financial loss might arise as a result of changes in measures such as interest rates. The borrowings held by SFRS were taken out by legacy Fire and Rescue Services or on behalf of legacy Fire and Rescue Services by the lead authority. The majority of the borrowings held by SFRS are at fixed interest rates (72%) with the interest on the remainder calculated by each former lead authority using a pooled interest rate which is applied to all loans in their portfolio. All borrowings relate to legacy services as SFRS has no power to borrow funds and therefore, no new borrowings have been entered into since SFRS was established as a single national service in 2013. Any additional interest due as a result of changes in interest rates in future years will be met from Grant in Aid income provided by the Scottish Government.

Financial Instruments Balances

The borrowings disclosed in the SoFP are made up of the following categories of financial instruments:

Financial Liabilities by Category

Loans and Payables	As at 31 March 2022		As at 31 March 2021	
	Current	Non-Current	Current	Non-Current
	£000s	£000s	£000s	£000s
Loans direct from PWLB / National Loans Fund	4,348	24,603	2,263	28,633
Loans direct from Commercial Lenders	4	1,500	0	1,500
Loans from Scottish Local Authorities*	1,420	12,160	1,414	12,961
Loans sub-total	5,772	38,263	3,677	43,094
Trade and other payables not including non-financial liabilities	2,954	0	6,099	0
Total Financial liabilities	8,726	38,263	9,776	43,094

* The SFRS is responsible for loans from legacy services, including a mix of PWLB and market borrowing made by several Councils which was passed on to the former services. These loans are accounted for in the Councils' loans fund, and the SFRS is liable to make interest and principal repayments to the Councils.

This reflects repayment of borrowing in 2021/22 of £2.736 million (£2.465 million in 2020/21).

Financial Assets by Category

Other Financial Assets	As at 31 March 2022		As at 31 March 2021	
	Current	Non-Current	Current	Non-Current
	£000s	£000s	£000s	£000s
Trade and other receivables not including non-financial assets	645	0	532	0
Cash and cash equivalents	547	0	522	0
Total Financial assets	1,192	0	1,054	0

Unusual Movements

There have been no unusual movements throughout the year or the previous financial year.

Reclassification

There has been no reclassification of a financial instrument throughout the year or the previous financial year.

Derecognition of Instruments

There has been no derecognition of a financial instrument throughout the year or the previous financial year.

Defaults and Breaches

There have been no defaults and breaches throughout the year or the previous financial year.

Financial Instruments Gains/Losses

The gains and losses recognised in the SoCNE in relation to financial instruments are made up as follows:

Financial Instruments Losses Year ended 31 March 2022	Financial Liabilities Other Liabilities	Financial Assets Loans and trade receivables	Total
	£000s	£000s	£000s
Interest expense	2,252	0	2,252
Impairment losses	0	0	0
Interest payable and similar charges	2,252	0	2,252
Interest income	0	0	0
Interest and investment income	0	0	0
Net loss for the year	2,252	0	2,252

Financial Instruments Losses Year ended 31 March 2021	Financial Liabilities Other Liabilities	Financial Assets Loans and trade receivables	Total
	£000s	£000s	£000s
Interest expense	2,428	0	2,428
Impairment losses	0	0	0
Interest payable and similar charges	2,428	0	2,428
Interest income	(27)	0	(27)
Interest and investment income	(27)	0	(27)
Net loss for the year	2,401	0	2,401

Fair value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried on the SoFP. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months, or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	As at 31 March 2022		As at 31 March 2021	
	Carrying amount Non-Current	Fair value Non-Current	Carrying amount Non-Current	Fair value Non-Current
	£000s	£000s	£000s	£000s
Loans direct from PWLB / National Loans Fund	24,603	34,340	28,633	41,878
Loans direct from Commercial Lenders	1,500	2,647	1,500	2,917
Loans from Scottish Local Authorities	12,160	15,371	12,961	17,408
Total debt	38,263	52,358	43,094	62,203
Other financial liabilities	0	0	0	0
Total Financial liabilities	38,263	52,358	43,094	62,203

The fair values of loans are calculated using Fair Value Hierarchy Level 2 inputs whereby Level 2 inputs are inputs other than quoted prices that are observable for the liability, either directly or indirectly. The fair value is greater than the carrying amount because the Board's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the SoFP date.

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each SoFP date, and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.

The fair values for loans have been determined by reference to the PWLB redemption rules which provide a good approximation for the fair value of a financial instrument. The comparator market rates prevailing have been taken from indicative investment rates at each SoFP date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

24. NON-CURRENT ASSETS

Tangible Assets as at 31 March 2022

Tangible Assets	Operational Assets							Non Operational Assets			Total
	Land	Buildings	Dwellings	Vehicles	Operational Equipment	ICT Equipment	Infrastructure	Assets under construction	Heritage Assets	Surplus Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation											
As at 1 April 2021	125,175	304,770	820	103,062	39,930	28,445	264	40,637	1,211	2,857	647,171
Additions	0	12,041	0	4,368	6,756	2,648	0	16,636	0	0	42,449
Transfers in/(out)	0	(576)	0	6,982	262	(13,482)	0	(8,111)	0	14,350	(575)
Disposals	0	0	0	(330)	0	0	0	0	0	(13,743)	(14,073)
Revaluation - Revaluation Reserve	2,597	(2,616)	1	(49)	0	0	139	0	0	(847)	(775)
As at 31 March 2022	127,772	313,619	821	114,033	46,948	17,611	403	49,162	1,211	2,617	674,197
Depreciation & Impairment											
As at 1 April 2021	(2,400)	(17,913)	(655)	(50,618)	(24,967)	(19,491)	(28)	0	(166)	(2,444)	(118,682)
Depreciation charge for the year	0	(8,953)	(6)	(7,186)	(5,279)	(2,135)	(79)	0	0	(18)	(23,656)
Depreciation – Revaluation Reserve	0	6,169	0	55	0	0	31	0	0	892	7,147
Impairments – Revaluation Reserve	719	1,491	0	0	0	0	0	0	0	83	2,293
Impairments – SoCNE	257	714	0	(1)	0	0	0	0	0	(414)	556
Transfers in/(out)	0	0	0	711	0	13,131	0	0	0	(13,842)	0
Disposals	0	0	0	233	0	0	0	0	0	13,692	13,925
Revaluation decrement – Rev Reserve	0	(1,185)	0	0	0	0	0	0	0	20	(1,165)
As at 31 March 2022	(1,424)	(19,677)	(661)	(56,806)	(30,246)	(8,495)	(76)	0	(166)	(2,031)	(119,582)
Net Book Value as at 31 March 2022	126,348	293,942	160	57,227	16,702	9,116	327	49,162	1,045	586	554,615
Net Book Value as at 31 March 2021	122,775	286,857	165	52,444	14,963	8,954	236	40,637	1,045	413	528,489

Asset Financing	Operational Assets							Non Operational Assets			Total
	Land	Buildings	Dwellings	Vehicles	Operational Equipment	ICT Equipment	Infrastructure	Assets under construction	Heritage Assets	Surplus Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Owned	126,268	293,942	160	57,076	16,685	9,116	327	49,162	1,045	586	554,367
Finance Leased	80	0	0	0	0	0	0	0	0	0	80
Donated	0	0	0	151	17	0	0	0	0	0	168
Carrying amount as at 31 March 2022	126,348	293,942	160	57,227	16,702	9,116	327	49,162	1,045	586	554,615

Tangible Assets as at 31 March 2021

Tangible Assets	Operational Assets							Non Operational Assets			Total
	Land	Buildings	Dwellings	Vehicles	Operational Equipment	ICT Equipment	Infrastructure	Assets under construction	Heritage Assets	Surplus Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation											
As at 1 April 2020	124,766	304,351	819	102,544	37,892	24,676	262	22,259	933	1,941	620,443
Additions	0	7,900	0	2,386	5,023	3,769	0	20,046	0	0	39,124
Transfers in/out	0	1,091	0	(1,374)	(2,985)	0	0	(1,668)	0	4,936	0
Disposals	0	(11)	0	(494)	0	0	0	0	0	(3,304)	(3,809)
Revaluation - Revaluation Reserve	409	(8,561)	1	0	0	0	2	0	278	(716)	(8,587)
As at 31 March 2021	125,175	304,770	820	103,062	39,930	28,445	264	40,637	1,211	2,857	647,171
Depreciation & Impairment											
As at 1 April 2020	(3,136)	(28,506)	(655)	(45,172)	(21,594)	(16,710)	(66)	0	0	(1,649)	(117,488)
Depreciation charge for the year	0	(8,992)	0	(7,459)	(5,902)	(2,781)	(39)	0	0	(2)	(25,175)
Depreciation – Revaluation Reserve	0	9,285	0	0	0	0	77	0	0	826	10,188
Impairments – Revaluation Reserve	714	9,737	0	0	0	0	0	0	(166)	(4)	10,281
Impairments – SoCNE	22	1,637	0	0	0	0	0	0	0	(709)	950
Transfers in/out	0	0	0	1,610	2,529	0	0	0	0	(4,139)	0
Disposals	0	11	0	403	0	0	0	0	0	3,233	3,647
Revaluation decrement – Rev Reserve	0	(1,085)	0	0	0	0	0	0	0	0	(1,085)
As at 31 March 2021	(2,400)	(17,913)	(655)	(50,618)	(24,967)	(19,491)	(28)	0	(166)	(2,444)	(118,682)
Net Book Value as at 31 March 2021	122,775	286,857	165	52,444	14,963	8,954	236	40,637	1,045	413	528,489
Net Book Value as at 31 March 2020	121,630	275,845	164	57,372	16,298	7,966	196	22,259	933	292	502,956

Asset Financing	Operational Assets							Non Operational Assets			Total
	Land	Buildings	Dwellings	Vehicles	Operational Equipment	ICT Equipment	Infrastructure	Assets under construction	Heritage Assets	Surplus Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Owned	122,703	286,857	165	52,288	14,883	8,954	236	40,637	1,045	413	528,181
Finance Leased	72	0	0	0	0	0	0	0	0	0	72
Donated	0	0	0	156	80	0	0	0	0	0	236
Carrying amount as at 31 March 2021	122,775	286,857	165	52,444	14,963	8,954	236	40,637	1,045	413	528,489

Note 1:

Donated assets shown in the table above include vehicles and operational equipment provided to the legacy services which transferred to the SFRS on 1 April 2013. These will be used for fire and rescue purposes in accordance with terms and conditions set out by Scottish Government.

Note 2:

The Depreciation and impairment figures shown in the SoCNE reconcile to the following figures in the previous tables:

	2021/22		2020/21	
		SoCNE		SoCNE
	£000s	£000s	£000s	£000s
Depreciation charge in the year - Tangible Assets	23,656	-	25,175	-
Depreciation charge in the year - Intangible Assets	172	-	210	-
Impairments – SoCNE – Tangible Assets	(556)	-	(950)	-
Impairments – SoCNE - Assets held for Sale	575	-	65	-
Depreciation and Impairment	-	23,847	-	24,500
Total Depreciation and Impairment	23,847	23,847	24,500	24,500

Note 3:

The Revaluation Gain figure shown in the SoCNE comes from the following figures in the tables above:

	2021/22		2020/21	
		SoCNE		SoCNE
	£000s	£000s	£000s	£000s
Revaluation – Revaluation Reserve – Tangible Assets	(775)	-	(8,587)	-
Revaluation – Revaluation Reserve – Assets held for Sale	-	-	7	-
Depreciation – Revaluation Reserve – Tangible Assets	7,147	-	10,188	-
Impairments - Revaluation Reserve – Intangible Assets	-	-	-	-
Impairments – Revaluation Reserve – Tangible Assets	2,293	-	10,281	-
Impairments – Revaluation Reserve – Assets held for Sale	-	-	-	-
Revaluation decrement – Revaluation Reserve – Tangible Assets	(1,165)	-	(1,085)	-
Revaluation Gain	-	7,500	-	10,804
Total Revaluation Gain	7,500	7,500	10,804	10,804

Intangible Assets as at 31 March 2022

Intangible Assets	Software	Total
	£000s	£000s
Cost or valuation		
As at 1 April 2021	4,541	4,541
Additions	0	0
As at 31 March 2022	4,541	4,541
Depreciation		
As at 1 April 2021	(4,248)	(4,248)
Depreciation charge for the year	(172)	(172)
As at 31 March 2022	(4,420)	(4,420)
Net Book Value as at 31 March 2022	121	121
Net Book Value as at 31 March 2021	293	293
Asset Financing		
Owned	121	121
Carrying amount as at 31 March 2022	121	121

Intangible Assets as at 31 March 2021

Intangible Assets	Software	Total
	£000s	£000s
Cost or valuation		
As at 1 April 2020	4,424	4,424
Additions	117	117
As at 31 March 2021	4,541	4,541
Depreciation		
As at 1 April 2020	(4,038)	(4,038)
Depreciation charge for the year	(210)	(210)
As at 31 March 2021	(4,248)	(4,248)
Net Book Value as at 31 March 2021	293	293
Net Book Value as at 31 March 2020	386	386
Asset Financing		
Owned	293	293
Carrying amount as at 31 March 2021	293	293

25. ASSETS HELD FOR SALE AS AT 31 MARCH 2022

Assets Held for Sale	Non Operational Assets	Total
	£000s	£000s
Cost or valuation		
As at 1 April 2021	3,862	3,862
Additions	0	0
Transfers in/out	575	575
Disposals	(4,438)	(4,438)
Revaluation – Revaluation Reserve	0	0
Other movement	0	0
As at 31 March 2022	(1)	(1)
Impairment		
As at 1 April 2021	(2,776)	(2,776)
Impairments – Revaluation Reserve	0	0
Impairments – SoCNE	(575)	(575)
Transfers in/out	0	0
Disposals	3,352	3,352
Other movements	0	0
As at 31 March 2022	1	1
Net Book Value as at 31 March 2022	0	0
Net Book Value as at 31 March 2021	1,086	1,086
Asset Financing		
Owned	0	0
Carrying amount as at 31 March 2022	0	0

Assets held for sale as at 31 March 2021

Assets Held for Sale	Non Operational Assets	Total
	£000s	£000s
Cost or valuation		
As at 1 April 2020	4,631	4,631
Additions	0	0
Transfers in/out	0	0
Disposals	(776)	(776)
Revaluation – Revaluation Reserve	7	7
Other movement	0	0
As at 31 March 2021	3,862	3,862
Impairment		
As at 1 April 2020	(2,931)	(2,931)
Impairments – Revaluation Reserve	0	0
Impairments – SoCNE	(65)	(65)
Transfers in/out	0	0
Disposals	220	220
Other movements	0	0
As at 31 March 2021	(2,776)	(2,776)
Net Book Value as at 31 March 2021	1,086	1,086
Net Book Value as at 31 March 2020	1,700	1,700
Asset Financing		
Owned	1,086	1,086
Carrying amount as at 31 March 2021	1,086	1,086

26. NET GAIN/(LOSS) ON DISPOSAL OF FIXED ASSETS

Disposals in the year were for the sale of three Assets held for sale (Maddiston, Thornton and Excess Land at Cove) and Vehicles. Where possible, some of the vehicles were re-classified as Surplus in the prior year and some of the vehicles were still classified as operational until the point of disposal.

The following table analyses the subsequent gain/(loss) shown in the SoCNE following disposal:

Asset	Sale Proceeds	Net Book Value	Gain / (Loss)
	£000s	£000s	£000s
Properties – Assets held for sale	1,051	1,086	(35)
Vehicles – Surplus	54	52	2
Vehicles – Operational	92	96	(4)
Total	1,197	1,234	(37)

27. IMPAIRMENTS AND REVALUATIONS

At 31 March 2022, all land, buildings and dwellings assets due for valuation under the five-year rolling programme of valuations (50% of portfolio), were valued by the in-house Estates and Valuations Surveyor (Russell Munn BSc MRICS). The basis of these valuations was as follows:

- Land and Buildings, where there is no market-based evidence of fair value: Depreciated Replacement Cost (DRC)
- All other Land and Buildings: Existing Use Value (EUV)

This resulted in impairments of £0.019 million, reflected as a loss in the SoCNE, and revaluation increase of £7.500 million, shown as a credit to the Revaluation Reserve.

Other non-current assets are valued at depreciated historic cost.

28. CONTINGENT LIABILITIES

(a) Pension Benefits for Retained Firefighters ('Matthews' Case)

The 2006 (Special) Scheme was introduced on 23 May 2014, following a successful legal challenge to the rules which had previously prevented retained firefighters from joining the 1992 Scheme. As the 1992 Scheme was closed in 2006, a 'special' category of the 2006 Scheme was created that mirrored many of the rules and benefits that would have been available to these members, if they had originally been allowed membership in the 1992 Scheme.

A time-limited options exercise was carried out between 2014 and 2015 which allowed existing and former retained firefighters with service between 1 July 2000 and 5 April 2006, an opportunity to join the 2006 Scheme as special members, subject to the payment of appropriate contributions, in respect of their service during that period.

In 2018, the Court of Justice of the European Union ruled that a part-time fee-paid judge, with service between 1 July 2000 and 5 April 2006, should have his pension backdated to include all of his historic service in the Judicial Pension Scheme. This finding has relevance to claims or potential claims made by the retained firefighters in the Firefighters' Pension Schemes (Scotland), and so, existing and former retained firefighters with service between 7 April 2000 and 5 April 2006, are to be given the opportunity to accrue pension benefits in the 2006 (Special) Scheme, in respect of all of their service (i.e. including that prior to 1 July 2000).

At this stage, however, the exact form of remedy and the associated additional liabilities that might arise from this are not clear. Therefore, no allowance has been included in the 2021/22 Accounts.

29. FIREFIGHTERS' PENSIONS RECONCILIATION

The requirements to prepare a Firefighters' Pension Account for the SFRS were specified in the Firefighters' Pension Scheme Amendment (Scotland) (No.2) Order 2010 (SSI 332/2010; see also SSI 333/2010). This order has now been revoked; however, this reconciliation is provided to demonstrate good practice and maintain a record of payments made and income received in respect of Firefighters' pensions.

Funding for Fire Pension payments, with the exception of ill-health and injury benefits, is not included in the GiA funding provided by the Scottish Government. A specific grant is paid to the SFRS to take account of the funding required to meet the cost of employer contributions.

Although the Firefighters' Pension Account operates on an accruals basis, provisions for potential retirement (e.g. commuted sums) are not included as a charge against the Firefighters' Pension Account.

The following table illustrates the transactions on the Pension Account.

	Year ended 31 March 2022	Year ended 31 March 2021
	£000s	£000s
Contributions receivable:		
Fire and Rescue Service:		
Contributions based on pensionable pay	(40,205)	(40,620)
Early retirements	(484)	(842)
Transfer Values In	(1,413)	(1,294)
Officers' contributions	(18,661)	(18,349)
Seconded Officer Income	(59)	(56)
Total Receivable	(60,822)	(61,161)
Benefits payable:		
Pensions	99,049	96,628
Commutations and lump sum retirement benefits	28,071	26,497
Lump sum death benefits	107	240
Transfer values paid	496	1,421
Total Benefits Payable	127,723	124,786
Deficit before Funding	(66,901)	(63,625)
Creditor/(Debtor) at start of financial year	(960)	(530)
Fire Pension Grant – total grant received	110,161	103,815
Less: Employers Contributions	(40,205)	(40,620)
Carried forward surplus/(deficit) as at 31 March 2022	2,095	(960)

The £2.095 million surplus is contained within the Trade and Other Payables figure of £12.184 million for Central Government Bodies shown in Note 10.

30. OTHER RESERVE MOVEMENT

	Year ended 31 March 2022	Year ended 31 March 2021
	£000s	£000s
Revaluation Reserve Write Off – Disposal of Assets Held for Sale	613	554
Revaluation Reserve Write Off – Disposal of Surplus Vehicles	28	33
Revaluation Reserve Write Off – Impairment of RAAC roof properties	36	67
Total	677	654

In accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, assets identified as Assets Held For Sale must be revalued from Depreciated Replacement Cost (DRC) to Market Value at the time of transfer from Operational Assets to Assets Held For Sale. The impairment of the assets must be charged to the SoCNE and not be offset against any available Revaluation Reserve on that asset. In the year of disposal, the Revaluation Reserve balance must be written off to the General Fund.

31. DEFERRED INCOME

The SFRS was provided a grant from Transport Scotland to cover the costs of lease payments for a three-year period, for 45 Ultra-Low Emission Vehicles (Electric Cars) during financial year 2019/20. This was to comply with the Scottish Government's vision of freeing Scotland's towns, cities and communities from the damaging effects of diesel and petrol fuelled vehicles by 2050, as per Transport Scotland's document "Switched On Scotland Phase two: An Action Plan for Growth".

A grant was also received in 2019/20 from the Energy Savings Trust to cover the cost of charging points for these vehicles.

Additional grants were provided in 2020/21, one from Transport Scotland to cover the costs of lease payments for a three-year period, for 62 Ultra-Low Emission Vehicles (Electric Cars) and for the cost of charging points for these vehicles and one from the Energy Savings Trust to cover the cost of additional charging points.

The grants received in 2019/20 and 2020/21 for the vehicles were for a three-year period, and 10 years for the charging points. Only one year of the income will be matched to the cost of the lease payments and charged to the SoCNE. The remaining income has been charged to the SoFP and will be released over the remaining period that we pay for the lease costs of the vehicles and the usage of the charging points.

Four De-carbonisation grants were received in 2021/22 from the Scottish Government's Directorate for Energy & Climate Change (DECC). These grants covered the costs of a Biomass Boiler at Fort William Fire Station, Solar PV Installations across various sites, Building Energy Management System installations at various sites and Retained Estate Energy Efficiency works across some Retained properties. Only one year of the income will be matched to the works and charged to the SoCNE. The remaining income has been charged to the SoFP and will be released over the remaining useful lives of the assets which benefitted from these grants. Asset lives range from 20 years to 43 years.

The following table show the future minimum payments committed to by the SFRS:

Deferred income	Year ended 31 March 2022	Year ended 31 March 2021
	£000s	£000s
Not later than one year	215	159
Later than one year but not later than 5 years	1,534	504
Later than 5 years	2,603	1,339
Total	4,352	2,002

DIRECTION BY THE SCOTTISH MINISTERS



Scottish Government
Riaghaltas na h-Alba
gov.scot

THE SCOTTISH FIRE AND RESCUE SERVICE

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 42A(1) of the Fire (Scotland) Act 2005 (inserted by section 118 of the Police and Fire Reform (Scotland) Act 2012) hereby give the following direction.
2. The statement of accounts for the financial year ending 31 March 2022, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses and cash flows for the financial period and of the state of affairs at the end of the financial period.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated:



SCOTTISH

FIRE AND RESCUE SERVICE

Working together for a safer Scotland

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SFRS Annual Report and Accounts 2021-2022

Version 1.0