

Annual Report and Accounts 2020-21



Working together
for a safer Scotland



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland



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CONTENTS

PERFORMANCE REPORT	4
Chair's Welcome	5
Performance Overview: About us	6
Performance Overview: Our Challenges	9
Performance Overview: Chief Officer's Summary of Performance	12
Performance Analysis: Target Results	16
Performance Analysis: Our Performance and activities	25
Sustainability Report	38
ACCOUNTABILITY REPORT	48
Directors' Report	49
Statement of Accountable Officer's Responsibilities	53
Governance Statement	54
Remuneration and Staff Report	69
Independent Auditor's Report	87
ANNUAL ACCOUNTS	92
Statement of Comprehensive Net Expenditure for the year ended 31 March 2021	93
Statement of Financial Position as at 31 March 2021	94
Statement of Cash Flows for the year ended 31 March 2021	95
Statement of Changes in Taxpayers equity for year ended 31 March 2021	96
Notes to the Accounts	97
DIRECTION BY THE SCOTTISH MINISTERS	151

PERFORMANCE REPORT

In this section of the report we set out:

- Chair's Welcome 5
- Performance Overview: About us 6
- Performance Overview: Our Challenges 9
- Performance Overview: Chief Officer's Summary of Performance 12
- Performance Analysis: Target Results 16
- Performance Analysis: Our Performance and activities 25
- Sustainability Report 38



CHAIR'S WELCOME

It is my pleasure to introduce the Scottish Fire and Rescue Service (SFRS) Annual Report and Accounts for 2020/22.

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



This year has seen unprecedented change right across the world and we have all had to adapt the way we live our lives throughout the Covid-19 pandemic.

As a trusted public service our staff have worked tirelessly to continue to keep the communities of Scotland safe. We have remained committed to maintaining our ability to deliver essential services, set against the backdrop of uncertainty, complexity and the challenges that the Covid-19 pandemic has presented over the year.

As an innovative and forward-thinking organisation, I am proud of how we have adapted to continue to provide our life-saving services. Equally, I think it has been important to use this time to consider what our future service delivery will look like.

At some point the pandemic will be over and life will return to a more normal posture. However, it may not be possible or appropriate to return to how things were prior to the pandemic. We have remained focused on responding to the challenges of Covid-19; however, at the same time, we recognise that a reset and renew phase is an important element of the overall process.

In July 2020, we developed a routemap for navigating Covid-19 and delivery of the associated Reset and Renew Agenda. The routemap was developed around our organisational values of Safety, Teamwork, Respect and Innovation and underpinned by the SFRS Covid-19 Operating Principles - those being Safe, Person-Centred, Evidence-Based and Clearly Communicated.

Alongside our Reset and Renew Agenda, work has begun to develop a long-term vision for the Service that will clearly

articulate our purpose and provide a guide for staff on where we are going and, critically, why we think we need to go there. It will establish the breadth of our ambitions and the timescale over which we expect to realise them. We have carried out extensive engagement with our staff to develop a truly representative vision for our Service and I look forward to the completion of this important forward-looking piece of work.

Continuing to look to the future, we will welcome four new Board members this year. I extend my thanks to Deputy Chair Bill McQueen and Board member Marieke Dwarshuis for their extended service. Both were due to retire from their positions in October 2020 but continued with us throughout 2021, providing continuity and resilience over a very challenging period. I know I speak for the whole of the Board when I wish them all the very best for the future.

Although it has been a challenging year, it gives me a great sense of pride to look back over the reporting period and see how we have contributed to keeping the people of Scotland safer. This document recognises the countless activities and achievements that have been made by our dedicated workforce.

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

KIRSTY DARWENT
Chair

Scottish Fire and Rescue Service Board
15 December 2021

PERFORMANCE OVERVIEW: ABOUT US

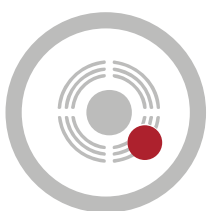
We are the world's fourth largest Fire and Rescue Service. We are committed to ensuring the safety and wellbeing of the people of Scotland.

Fire (Scotland) Act 2005, as amended by the Police and Fire Reform (Scotland) Act 2012 and by the Fire (Additional Function) (Scotland) Order 2005.

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

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



The [Fire and Rescue Framework for Scotland 2016](#), and its ten priorities, set out the 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 Plan 2019-22](#) covers a three-year period and outlines the four strategic Outcomes we aspire to achieve to deliver a first-class Fire and Rescue Service to the people of Scotland. Each of these Outcomes has a further four objectives, all of which will help us to achieve the Scottish Government's overall purpose and Fire and Rescue Framework Priorities:

OUTCOME 1:

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

Objectives

- 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.

Objectives

- 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.

Objectives

- 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.

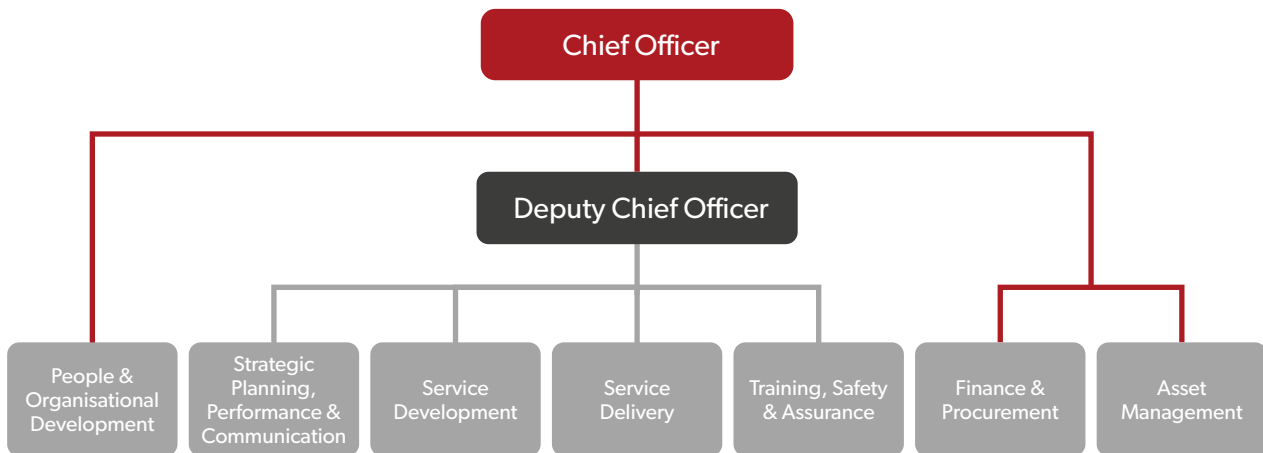
Objectives

- 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.

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 small Strategic Leadership Team (SLT).

The SLT are led by the Chief Officer and Deputy Chief Officer.

There are seven members, each of whom have responsibility for one of our seven Directorates.



Our 14 Local Senior Officers 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.

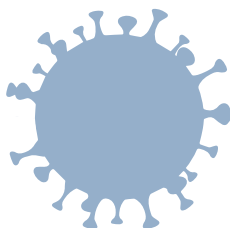
Our prevention, protection and response services are delivered through 357 community fire stations across Scotland. These are supported by a single national training establishment, two regional training sites and several local training facilities, three Operations Control Rooms, three modern Service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

PERFORMANCE OVERVIEW: OUR CHALLENGES

Society and the environment in which we live is constantly changing. There are many new and ongoing challenges facing Scotland that are likely to have an impact on the services we provide. This year has been considerably disparate and significantly more difficult in terms of both ongoing and entirely new challenges including the commencement of the global Covid-19 pandemic, the country's withdrawal from the European Union (EU) and increasing challenges posed by climate change.

COVID-19 PANDEMIC

The COVID-19 pandemic has had a significant impact upon the Scottish Fire and Rescue Service and the potential risks that we must mitigate, or work within the boundaries of, whilst providing an effective service to our communities.



At the outbreak of the Covid-19 pandemic, we adopted a formal command approach to support the swift and authoritative decisions that were required at the time to effectively respond to the rapidly changing situation. The implementation of the different organisational governance and command methodologies were identified as essential. The preceding discursive and collaborative way forward was crucial as the pandemic impacted on all areas of SFRS, including: staff availability; how we delivered our services and the need to amend our working policy and procedure; internal and external communication; staff work location; recruitment; all aspects of training; and ICT infrastructure and security.

We have taken every opportunity to learn from the varied and rapidly changing experiences of responding to the pandemic and, to continue to do this, the sustained application of a flexible approach across all areas of how we work is an essential and fundamental element to delivering success.

Whilst, during the pandemic, we have been focused on responding to the challenges and changing circumstances posed by Covid-19, it has also been acknowledged that this position cannot be maintained for an indefinite period. We therefore have recognised that recover, reset and renew are critical elements of the overall process which will be subject to continued review based on organisational need.

The pace of change that we have experienced over the last decade is unlikely to slow in the future and we must be prepared in order that we can continue to respond to the needs of the communities we serve. We will be agile in identifying and responding to new challenges or risks resulting from our changing operating environment. We will be adaptable in engaging in activities to mitigate these risks, ensuring that planning processes are in place that ensure our resilience.

CLIMATE CHANGE

Climate change poses a fundamental threat to the planet and remains one of the most significant threats faced by modern society and humankind.

The main effects, including rising minimum and maximum temperatures, rising sea levels, higher ocean temperatures, increased heavy precipitation, shrinking glaciers and thawing permafrost, contribute to the daily risks faced by SFRS and have an increasing impact on our operations in terms of how we best protect the communities we serve. More frequent and intense droughts, storms, heat waves and rising sea levels significantly detrimentally impact on people's livelihoods and communities and destroy the places they live.

Specialist resources will continue to be strategically placed in areas where there is a greater risk of flooding for example, and firefighters will be prepared, fully equipped and ready to support and protect communities, whatever the weather. We will also make use of local assets available to us to bolster our response during prolonged or widespread incidents such as wildfire.

Wildfires have a devastating impact on the countryside and pose significant risk to life and property. Where peatlands are involved, they release large quantities of carbon into the



atmosphere from the smoke they produce, however, these incidents destroy natural habitats for wildlife and cause other damage to the environment whilst presenting substantial risk to life and property.

SFRS is currently in the implementation stage of delivering a new Wildfire Strategy to develop and enhance its wildfire response capability. This strategy considers the increased risk of wildfire and changing climate in Scotland, the latest developments in wildfire management, training and operational procedures and the advances in technology that have been made in PPE and equipment. The development of this strategy will provide greater access to specialist resources tailored to local needs and will protect and enhance the frontline. It will also help ensure that personnel are trained, equipped and ready to respond to the new risks facing our communities from severe weather incidents that are continuing to be intensified by climate change.

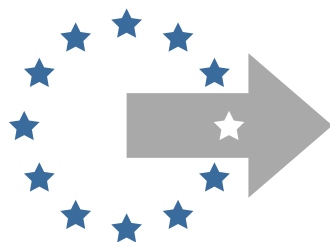
Despite the challenges presented by Covid-19, we continue to place climate change at the forefront of our ambition to build and deliver a sustainable Fire and Rescue Service, including delivering environmental benefits for the communities of Scotland. We continue to support Scotland's transition to a net zero carbon economy through partnership and also in leading by example through our high-profile assets in communities across the country. We continually encourage and require the support and involvement of all staff, to adopt more sustainable working practices, resource efficiencies and behaviours.

We have developed a Climate Change Response Plan 2045 which sets out, in broad terms, how we plan to achieve this over the longer term both by supporting our communities to tackle climate change and by tackling our own carbon emissions. More specifically, the further developed Carbon Management Plan sets out in detail how we will approach carbon reduction over the next five years, as we continue to work towards Scottish Government's ambitious target of net zero by 2045.

EU EXIT

The UK left the European Union (EU) at the end of 31 January 2020.

This began a transition period that ended on 31 December 2020, during which the UK and EU negotiated their future relationship.



As well as monitoring and acting on government guidance pertaining to coronavirus, we have continued to review our plans and procedures for dealing with the UK's exit from the EU. We have augmented our EU Exit Tactical Planning and Co-ordinating Groups who have continued to work with Scottish Government, emergency services and other partners. Risk such as operational impact, disruption to equipment supplies, staff shortages and civil disturbances were all assessed in line with the ongoing situation. Plans and procedures were put in place to manage and mitigate against all identified risks and these are continually reviewed.

Following the withdrawal deadline, the EU Settlement Scheme was set up for EU, EEA or Swiss citizens living in the UK, who wished to continue to stay and work in the UK. SFRS recognise this may be a challenging time and is committed to continually supporting our staff throughout the process.

CHANGING POPULATION/ DEMOGRAPHICS

The most recent report published in 2019 by the National Records of Scotland on the Projected Population of Scotland predicts that there will be a significant rise in the population of over 75s

in Scotland. The report highlights that there will be an increase in this age group of 70.6% over the next 25 years to mid-2043 and an increase of 25.4% over the next ten years making it the fastest growing age group with the most significant increase.



While people living longer lives is a positive indicator, as people grow older it is likely that they may require new forms of support to keep them safe from harm. An aging population will increase levels of long-term medical conditions for example. This will generate new demands as Scotland seeks to support the population to age well in safe and resilient communities. Current trends in moving from care in institutional settings towards home-based care will increase the number of people who are potentially at risk of fire and other forms of preventable harm, such as slips, trips and falls, within the home environment.

This further increases the scope for us to work with our partners to deliver effective prevention measures through a more holistic approach to assessing risk and acting to

reduce or remove harm. By widening our prevention and intervention activities, social and financial benefits can be achieved across the wider public sector in Scotland.

SOCIAL AND ECONOMIC INEQUALITY

In areas of multiple deprivation, many communities experience poorer health, lower educational attainment, lower employment, more emergency hospital admissions and reduced safety. Typically, we are called out more often to these areas and to individuals characterised as 'disadvantaged'.



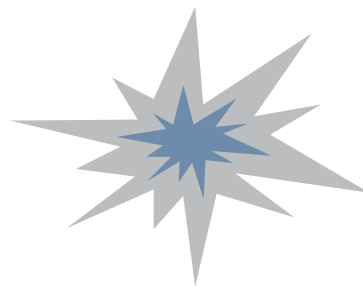
This evidence underlines the close relationship between wider social and economic issues, fire related incidents, unintentional social and personal harm, social inequality and the subsequent challenges this presents to improving the wellbeing of individual citizens. In response to this we will continue to build effective relationships with our partners, so that together, we can deliver targeted prevention activities to reduce inequalities.

In 2019/20, *Public Health Scotland reported* that there were just under 61,000 emergency admissions for unintentional injuries. This represents 1 in 10 of all emergency admissions in Scotland. Between 1 January and 31 December 2019, unintentional injuries led to 2,726 deaths. Death rates due to unintentional injuries in adults were 90% higher in the most deprived areas but 48% lower in the least deprived areas when compared to the Scottish average.

By utilising our resources and redistributing our capability to support other agencies we can expand our prevention focus. As a trusted public service, gaining access to on average 70,000 households each year to conduct home fire safety visits, we are in a unique position to contribute to reducing such inequalities. By adopting a 'safe and well' approach to home visits we will create a more holistic approach in how we work to prevent unintentional harm among the most vulnerable in our society. Through our community safety work, we engage with a vast array of individuals and groups and this has also enabled us to support work addressing wider inequalities by helping to tackle antisocial behaviour, reduce reoffending, and by working in partnership to tackle domestic violence.

TERRORISM

For more than ten years the UK has consistently been prepared against increased threat levels, where a terrorist attack was a 'strong possibility' or 'highly likely'. At devastating incidents such as those we have seen most recently at the Manchester Arena and Parsons Green Tube Station in London in 2017, and more recently in 2018, we also witnessed CBRN incidents in Salisbury and Amesbury where the use of a nerve agent (Novichok) tested the UK response to a CBRN (malicious use of Chemical, Biological, Radiological and Nuclear materials) attack, fire and rescue services play a critical response role.



We will continue to work very closely with our partners in Scotland and across the UK, to understand current threats and to ensure we have robust multi-agency and Service plans in place should an attack happen. Our crews will be prepared to respond appropriately to prevent further harm to life or infrastructure.

We also continue to investigate how we can generate a fully trained and equipped response in the event of a Marauding Terrorist Attack (MTA). Part of this ongoing effort sees us leading work with Police Scotland and the Scottish Ambulance Service (SAS) to deliver joint On Scene Commander (OSC) training, where officers from each of the services work together using Joint Emergency Services Interoperability Principles (JESIP) to make collective decisions at a simulated MTA incident.

Our National Inter-Agency Liaison Officers (NILOs) are to receive enhanced trauma management and warm zone co-ordinator training, which will be put into practice in future planned multi-agency exercises. These exercises will provide valuable experience and learning for OSCs and other responders from all services in the run up to COP26 in November 2021.

PERFORMANCE OVERVIEW: 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.

Over the last year, the Scottish Government has further prioritised dealing with the most significant challenges facing Scotland. Issues such as meeting the immediate crisis arising from the Covid-19 pandemic, addressing climate change, tackling inequality, driving inclusive economic growth and strengthening partnership working have been central to the policy agenda. We are well placed to support these priorities but in doing so we will face many challenges. Our response will shape the future of the Service, from how it is designed, to the support we provide to communities, and how we will work with our partners.

Throughout 2020/21 and the global pandemic, we have demonstrated our readiness to work with partners and communities to tackle inequality and to respond to local need. We have delivered food parcels and prescriptions, we have worked with care-experienced young people and we have taken part in a successful pilot exercise trialling Covid testing at two of our stations which has since been further developed to incorporate Service-wide rollout currently involving 49 fire stations with a view to introducing more. Being seen in communities to rise to the challenge

of Covid-19 has bound us further to the people of Scotland. The pandemic has tested our ability to innovate, our resilience, and our business continuity arrangements - and we have stood up to the challenge.

Notwithstanding this, many major challenges and new opportunities have arisen from the experience of the pandemic, which have presented us with organisational consequences, some significant.

We suspended most Home Fire Safety Visits (HFSV) to reduce the risk of virus transmission between firefighters and members of the public. We continued to visit households most at risk of fire and conducted safe HFSVs for them. These changes resulted in a reduction in the fitting of smoke/fire detection equipment by us over several months. The backlog of visits is being rescheduled for when they are safe to be undertaken.

Our prevention campaigns became even more important during this period and as new fire trends emerged, we refocused our community safety messaging. In response to

an increase in fire fatalities and serious accidental dwellings fires we launched our [*Make the Call campaign*](#). This initiative was a hard-hitting appeal to carers, family and friends of those who are at risk of serious injury or even death because of an accidental fire in their home.

Each year there are thousands of incidents across Scotland which are attributed to fire alarm system actuations. Of these incidents around 97% require no intervention by us and are recorded as Unwanted Fire Alarm Signals (UFAS). Throughout the pandemic, we amended the number of fire appliances sent to fire alarm actuations in non-domestic premises. This was to alleviate potential availability pressures on frontline services and to minimise crews mixing with one another and with members of the public. For the same reasons we made temporary amendments to crewing levels on fire appliances across Scotland. These changes in our approach to operational delivery have generated many benefits, whilst safeguarding services to communities. Both approaches remain under regular review to achieve the most dynamic response to the changing needs of the communities we serve.

Covid-19, as in other organisations, has impacted on staff availability. During lockdown, it resulted in increased availability for Retained and Volunteer Firefighters in rural communities. This group of firefighters provide the same full range of emergency services as their wholetime colleagues and generally carry out these duties whilst holding primary employment elsewhere. As many of them had been furloughed from their primary employment, they were able to dedicate more time to the Service.

Equally, we saw increased staff absence with changing patterns evident as infection rates rose and fell across communities. There was a total of 2,010 Covid-19 related staff absences between April 2020 and March 2021. This total was made up of 1,495 employees who were required to self-isolate, 220 who were symptomatic and 295 that were confirmed cases. At the end of March 2021, we had 3,569 recovered cases of Covid-19 which was 45.5% of our workforce.

To maintain operational availability and to ensure that there was some flexibility within the system to cope with spikes in staff absence, a number of tactical control measures were approved to reduce organisational exposure to the virus and maintain workforce resilience.

As well as absence, we were faced with firefighter recruitment challenges as we had to suspend non-

Covid-secure medical activities; we have now deployed alternatives to those until it's safe to return to normal practices. During this time, we suspended secondments, making use of short-term re-engagements and fast-tracking of trainees to increase our capacity and availability of staff.

The pandemic had considerable impact on operational training. We radically reduced capacity at our training facilities, to meet social distancing requirements, meaning a commensurate reduction in delivering the required volume of critical training. Combined with the suspension of non-risk critical training, this has resulted in a considerable training backlog, for which a 2-3-year training recovery plan has been developed.

We have experienced an unprecedented increase in the requirement for cleaning, the supply of appropriate Personal Protection Equipment (PPE) for staff and the requirement to make our premises Covid-19 secure. Initially we ceased construction work across our estate, but reintroduced it under safe working practices, although with reduced capacity. The combination of both factors has resulted in unplanned financial pressures to project costs, construction delays, and cash flow challenges for capital investment.

The pandemic further tested our ICT infrastructure as we had to rapidly adapt to home working for over 1,000 members of staff. The learning from this will enable us to further evolve our approach to Agile Working, which supports our aim of being a great place to work. It enables more innovative and creative ways of working for our staff. We aim to continue to further invest in our digital connectivity and cyber security to support these new ways of working into the future. The pandemic brought into sharp focus, where home working has become a more 'atypical' standard working practice, the need to support staff to maintain their mental health and wellbeing. Our staff have been provided with a comprehensive package of resources and support, which will be maintained post-pandemic, and it is hoped will help protect our workforce from the as-yet unknown long-term effects of this period.

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 a clear benchmark against which to measure future activity and has provided a catalyst for longer-term sustainable carbon reduction.

Partnership working remains at the core of what we do. We have been working towards developing our broader contribution to public sector outcomes in response to changing national and community risks. To further support this we have been developing a major project around better understanding the changing nature of risk at community levels across the country and what that will mean in terms of future service provision. The Community Risk Index Model (CRIM) is being developed by us to support this and we will begin to see the outputs of this critical piece of work during 2021/22.

We are currently planning for the delayed UN Climate Change Conference of the Parties (COP26) event to take place in Glasgow in November 2021, co-ordinated through the UK government. We will support the safety and security of COP26 and have a statutory requirement, as detailed within the Civil Contingencies Act (2004), to plan for, respond to and recover from such national events.

Alongside the Scottish Government and blue light partners, we remain a key player in the Emergency Services Mobile Communications Programme (ESMCP), which will deliver the new Emergency Services Network (ESN) across Great Britain. Despite previous delays, it is currently anticipated that implementation in Scotland will commence in 2024. Significant planning will be required to enable the SFRS to play its part in the national roll out.

As has been highlighted previously, both by ourselves and Audit Scotland, that we have a substantial capital backlog investment requirement (£389 million in 2017), particularly within our property estate. 61% of community fire stations are over 30 years old, and 52% have been assessed as being in a poor or worse condition. In addition, we identified in 2019 a further urgent issue in relation to an obsolete method of roof construction (Reinforced Aerated Autoclaved Concrete). These roofs remain present in 14 fire stations, and have been identified as a safety risk due to the potential for roof collapse. Temporary emergency measures have been put in place,

with recurring resource costs. However, the safest and most cost-effective long-term solution in most cases is to rebuild these stations. This would require a total potential investment of approximately £70 million. Scottish Government has provided additional capital expenditure of £4.35 million to invest in our stations and other assets, a welcomed investment which will be prioritised to areas of the greatest need.

The Community Risk Index Model project, which forms part of our Service Delivery Model Programme, will support us in ensuring that our assets are deployed in the most effective manner across Scotland, and that our investment in facilities is appropriately targeted, consistent with the Scottish Government's recently published draft Infrastructure Investment Plan. If realised, our plans could form a significant social and economic renewal programme for communities where we have facilities located.

More information is provided on our approach to dealing with the various risks faced by the Service in the Risk Management Framework section of the Governance Statement. In addition, information specific to each Committee of the Service is available on our website.

From a financial perspective, our 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 2021 of £2.339 million relates to a combination of factors. There was an underspend in relation to employee costs of £0.918 million. Retained activity, impacted by Covid, accounted for an underspend of £1.057 million. Other uniformed staffing costs accounted for an overspend of £0.757 million, mainly due to the reprofiling of staff roster days to ease pressure on the 2021/22 budget. Support staff vacancies accounted for an underspend of £0.109 million. Other employee costs including subsistence, early retirement charges and adjustments for holiday pay accounted for the remaining underspend of £0.509 million. There was an underspend of £1.344 million in expenses, mainly within Transport costs relating to the impact of Covid on fuel and travel costs. In addition, income was over-recovered by £0.041 million and there was a gain of £0.036 million on the disposal of assets.

The Statement of Financial Position shows net liabilities of £4.431 billion, due mainly 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 2021/22 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 SFRS terms and conditions for payment of suppliers is to pay suppliers within 30 days of the invoice date. Analysis

of our performance during 2020/21 shows that 97% of invoices were paid within this timescale (96% in 2019/20).

Despite the challenges of the year outlined above, we have continued our progress against our Key Performance Indicators, with the majority of them achieving a green RAG status against the targets we have set.

KPI Name	2017/18	2018/19	2019/20	2020/21	RAG
All Fire Casualties	881	949	808	693	GREEN
Accidental Dwelling Fires (Low Severity)	2,256	2,116	2,031	1,996	GREEN
Accidental Dwelling Fires (Medium Severity)	2,237	2,219	2,045	1,870	GREEN
Accidental Dwelling Fires (High Severity)	258	300	289	275	RED
Non-Domestic Fires	2,269	2,233	1,960	1,704	GREEN
Unwanted Fire Alarm Signals (UFAS)	28,515	28,755	29,285	23,733	GREEN
Firefighter injuries	35	37	26	17	GREEN

The next section of this report will look at these areas of interest in greater detail and explain: how we have set the targets; how we are performing against them; and how Covid-19 has impacted upon some of the results we have seen.



MARTIN BLUNDEN
Chief Officer

Scottish Fire and Rescue Service
 15 December 2021

PERFORMANCE ANALYSIS: TARGET RESULTS

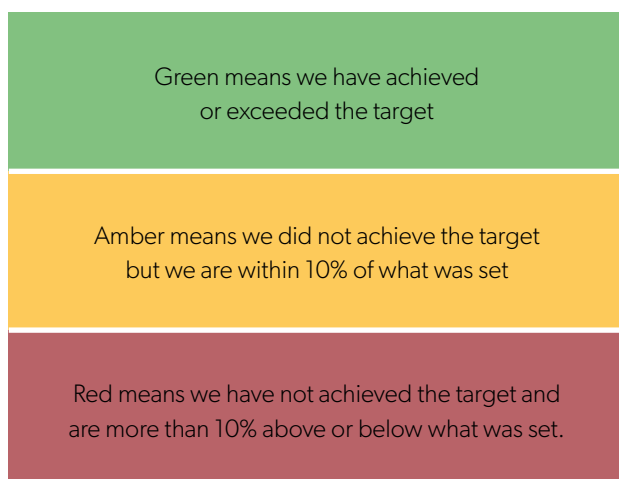
This section summarises the progress the SFRS have made against key performance indicators (KPIs) of our Performance Management Framework throughout 2020/21. Committees of the Board monitor progress of these performance indicators together with other informative data through Quarterly Performance Reports. Despite the challenges of Covid, no new indicators were required to be introduced throughout the year. The narrative below each KPI does, however, note if Covid impacted upon our 2020/21 performance.

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.

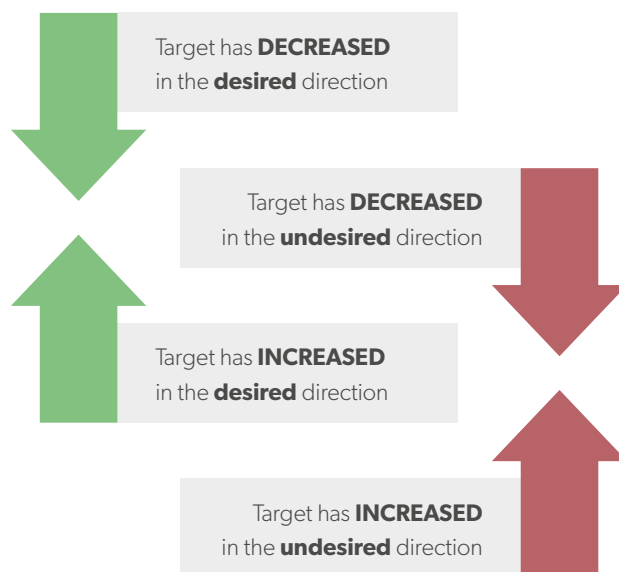
This document highlights five areas of particular interest to the public audience: Fire Casualties; Accidental Dwelling Fires; Non-Domestic Fires; Unwanted Fire Alarm Signals; and injuries to SFRS staff.

The comparisons made for all KPIs are based on 3-year averages, with the 2017/18, 2018/19 and 2019/20 average compared to the 2018/19, 2019/20 and 2020/21 average. This section also contains some figures from 2020/21 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 indication of our performance.

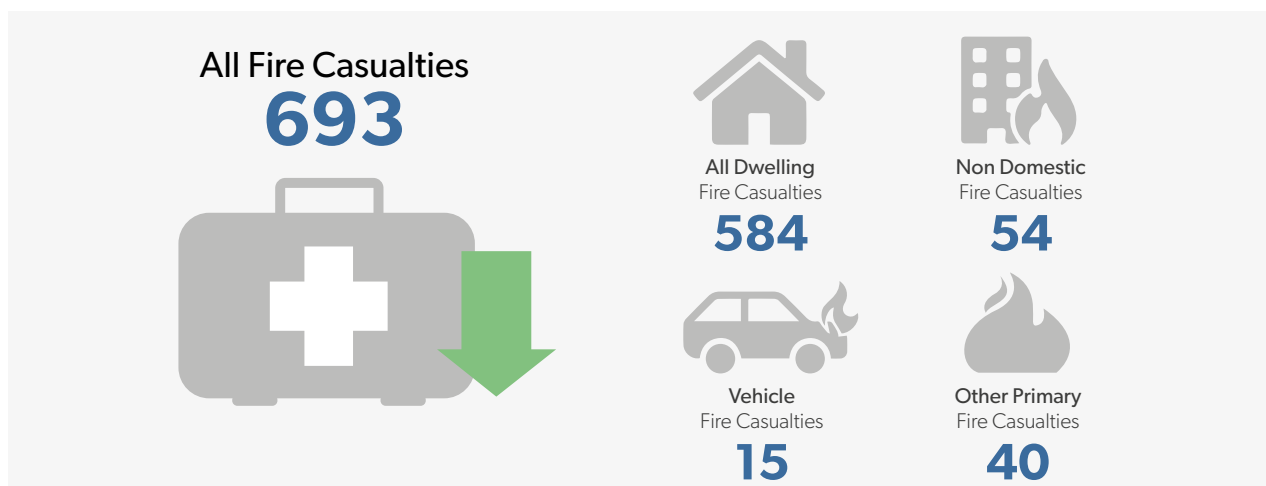


The table below provides a brief summary of the results against each target. A more detailed view of our performance against these targets and our absence figures follows.



* Please note that the data for 2020/21 supplied in this document is provisional, and correct as of 27/09/21. 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 attend, details are recorded including any medical treatment required by a casualty ¹ at the scene.

In 2020/21, 73% of casualties were treated at the scene, the majority of which may be suffering from gas, smoke or toxic fumes inhalation.

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 2020/21, there were 584 dwelling fire casualties (excluding precautionary checks ²). Of this total there were 496 fire casualties in accidental dwelling fires and 88 in deliberate dwelling fires. A further 54 were recorded in non-domestic building fires, 15 in vehicle fires, and 40 in other primary fires giving a provisional total of 693 fire casualties.

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

KPI Performance

KPI Name	2017/18	2018/19	2019/20	2020/21	RAG
All Fire Casualties	881	949	808	693	GREEN
Accidental Dwelling Fire Casualties	636	701	574	496	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.

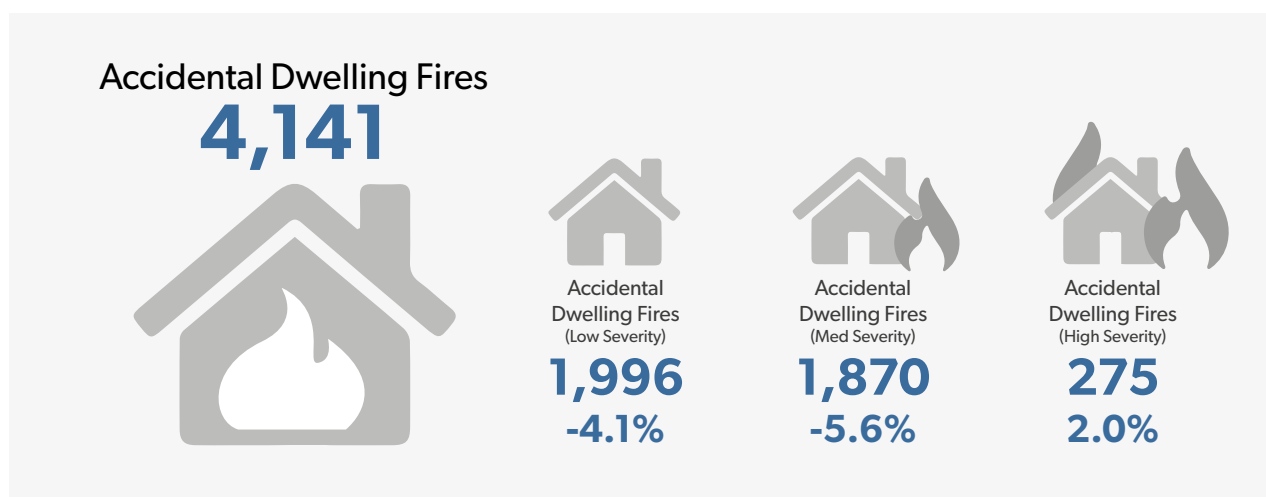
² A precautionary check is when an individual is sent to hospital or advised to see a doctor as a precaution, having no obvious injury or distress.

Target Explained

KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
All Fire Casualties	879	817	Reduce the number of casualties at each incident type based on moving three-year average	GREEN
Accidental Dwelling Fire Casualties	637	590	Reduce by 3% based on moving three-year average	GREEN

The SFRS aim 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 47 less than the previous 3-year average period, the RAG indicator is green.

ACCIDENTAL DWELLING FIRES



The consequences of a dwelling fire³ can be devastating for both families and the larger community. The SFRS place 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 place 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.

The SFRS are currently researching opportunities with UK FRSs and various academia to consider where other information that 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

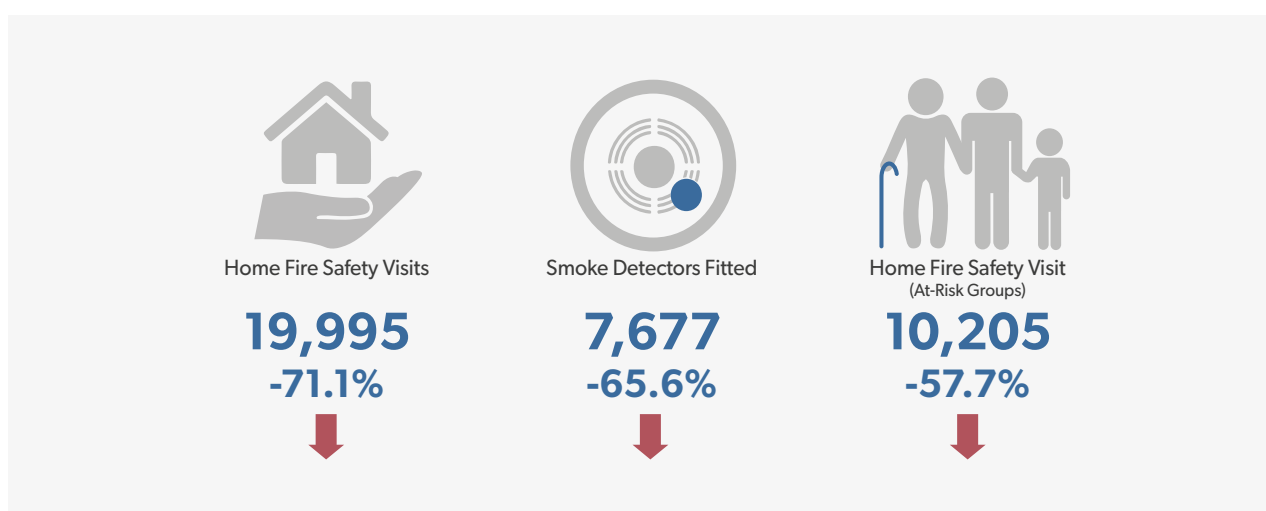
³ A dwelling fire involves any fire that takes place in a property where people live.

the means to take a targeted approach to identified threats, and reduce incidents through early intervention.

There were 4,141 accidental dwelling fires attended in 2020/21. Of these, 1,996 were classed as low-severity under the Cheshire Fire Severity Index, 1,870 were medium-

severity and 275 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.

Prevention Activity



In 2020/21, the SFRS carried out 19,995 HFSVs, at which 7,677 smoke detectors were fitted or replaced. Of the total HFSVs, 10,205 were attended for at-risk groups.

The SFRS attended fewer Home Fire Safety Visits (-71.1% compared with the 69,134 visits in 2019/20) and so less smoke detectors were fitted (-65.6% compared with the 22,287 fitted in 2019/20).

The SFRS prioritised high-risk groups during this period, however due to restrictions, a -57.7% decrease in HFSVs (compared with 21,124 high risk visits in 2019/20) were carried out in this category.

These reductions can be attributed to the national lockdown response to the Covid-19 global pandemic.

KPI Performance

KPI Name	2017/18	2018/19	2019/20	2020/21	RAG
Accidental Dwelling Fires (Low Severity)	2,256	2,116	2,031	1,996	GREEN
Accidental Dwelling Fires (Medium Severity)	2,237	2,219	2,045	1,870	GREEN
Accidental Dwelling Fires (High Severity)	258	300	289	275	GREEN

Target Explained

KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
Accidental Dwelling Fires (Low Severity)	2,134	2,048	Reduce low severity fires based on moving three-year average	GREEN
Accidental Dwelling Fires (Medium Severity)	2,167	2,045	Reduce by 3% based on moving three-year average	GREEN
Accidental Dwelling Fires (High Severity)	282	288	Reduce by 5% based on moving three-year average	GREEN

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

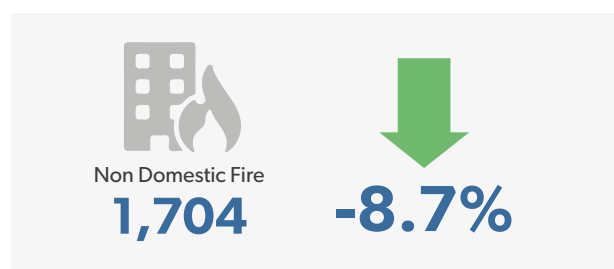
In the 2020/21 period, this target was met for both low-severity (-4.1%) and medium-severity (-5.6%) accidental dwelling fires, however, there was a 2.0% increase in high-severity accidental dwelling fires. The increase in high severity fire can partly be attributed to an exceptionally low year figure recorded in 2017/18 (258) and the following 2 years (which are included in both the **previous** 3-year average and the **current** 3-year average) were quite a bit higher. This year (2020/21) is then effectively measured against the low figure of 2017/18.

NON DOMESTIC FIRES

Non-domestic fires⁴ are those that involve properties that 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.

The SFRS contribute 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.

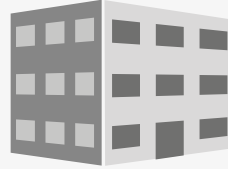
In 2020/21, the SFRS attended 1,704 non-domestic fires.

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



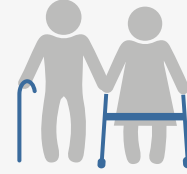
Fire Safety Audits Conducted

3,321



HMOs Audited

831
24.5%



Care Homes Audited

1,343
40.4%

The SFRS conducted 3,321 fire-safety audits of non-domestic premises in 2020/21 (compared to 7,288 in 2019/20), of which 64.9% were in premises at greater risk in the event of fire. This includes 813 audits undertaken in houses of multiple occupation (compared to 1,954 in 2019/20) and 1,343 (compared to 1,492 in 2019/20) 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 the national lockdown response to the Covid-19 global pandemic.

KPI Performance

KPI Name	2017/18	2018/19	2019/20	2020/21	RAG
Non-Domestic Fires	2,269	2,233	1,960	1,704	GREEN

Target Explained

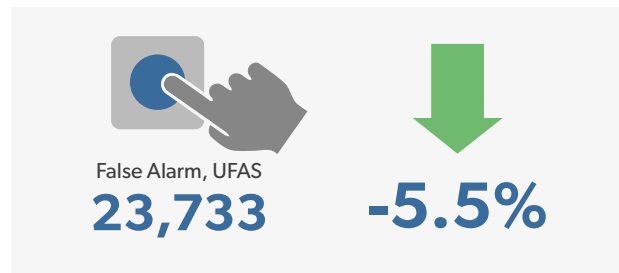
KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
Non-Domestic Fires	2,154	1,966	Reduce three-year average	GREEN

The SFRS aim 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 -8.7% 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 firefighters and other road users.

Whilst the use of automatic fire detection is encouraged to save lives and protect buildings, the SFRS actively seek to



reduce the burden to the service and businesses that false alarms cause.

In 2020/21, the SFRS attended 23,733 UFAS calls.

KPI Performance

KPI Name	2017/18	2018/19	2019/20	2020/21	RAG
Unwanted Fire Alarm Signals (UFAS)	28,515	28,755	29,285	23,733	GREEN

Target Explained

KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
Unwanted Fire Alarm Signals (UFAS)	28,852	27,258	Reduce based on a three-year rolling average	GREEN

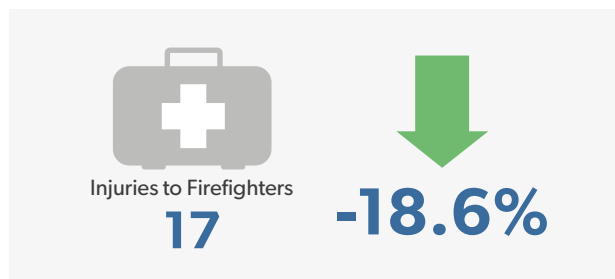
The target for UFAS in 2020/21 was a reduction of the previous three-year average. This target was met, with an -5.5% reduction achieved in the current three-year average.

The drop in UFAS calls last year can be attributed to Covid-19 and lockdown that resulted in a large number of businesses being closed for a significant period of the year.

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.

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	2017/18	2018/19	2019/20	2020/21	RAG
Reportable injuries	35	37	26	17	GREEN

Target Explained

KPI Name	Previous 3-year average	Current 3-year average	Target	RAG
Reportable injuries	98	80	Reduce three-year average	GREEN

The target for Firefighter Injuries in 2020/21 was a reduction of the previous three-year average. This target was met with a reduction from 98 to 80.

Reporting Covid-19 Cases

In 2020/21, we had also reported Covid-19 transmissions.

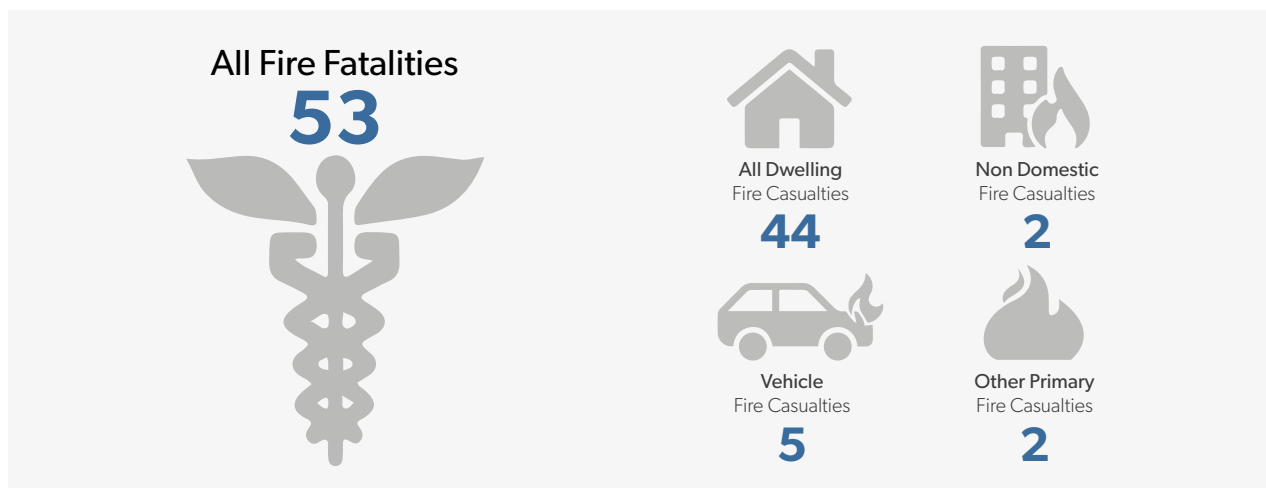
During this period, 54 cases were reported where our staff contracted Covid-19 through work-related transmission.

A new KPI measuring the number of staff who suffered work-related Covid-19 transmission has been added to our Performance Management Framework 2021/22 and will be reported to the SFRS Board and People Committee quarterly from 1 April 2021.

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 2020/21, there were 53 fire fatalities, of these, 44 were caused by dwelling fires, 2 by non-domestic fires, 5 by vehicle fires and 2 by other primary fire.

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

Indicator progress

KPI Name	2017/18	2018/19	2019/20	2020/21
All fire fatalities	44	44	27	53
All Dwelling Fire fatalities	37	40	21	44
Non-domestic fire fatalities	3	1	3	2
Vehicle fire fatalities	3	1	3	5
Other primary fire fatalities	1	2	0	2

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. Our Annual Operating Plan is continually reviewed and, this year, due to the pressures of Covid-19 and the impact it had upon available resources, the Plan was updated in October 2020. 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 2020/21 to meet the requirements of Annual Operating Plan and, in turn, our Strategic Plan and the Fire and Rescue Framework.

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 from page 101.

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.

We aim to embed robust methods of planning and evaluation so that our prevention work is aligned with local and national priority needs and our impact on communities is maximised and understood.

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 2020/21 we:

- Reacted to the change in Scotland's risk profile during Covid-19 by running targeted community safety messaging, focusing on five key areas: cooking; smoking; smoke and heat alarms; electrical safety; and establishing a night time routine.
 - Refocused our community safety messaging as new trends emerged. In Autumn 2020, we launched our [Make the Call Campaign](#) in response to an increase in fire fatalities and serious accidental dwellings fires. Our messaging was adapted to target people over 50 who: smoked and who either lived alone; had mobility issues; or used medical oxygen. You can read more about this in our Spotlight below.
 - Developed a digital Home Fire Safety Visit (HFSV) checklist that could be used when the HFSV programme was temporarily suspended to anyone other than very high-risk individuals during Covid-19.
 - Introduced an online Fire Safety in the Home Self-Assessment that could be used when the HFSV programme was temporarily suspended to anyone other than very high-risk individuals during Covid-19.
 - Recognised significant challenges presented by the pandemic in terms of our risk based inspection program incorporated within our Fire Safety Enforcement Policy Framework, and established a working group to consider the introduction of virtual and/or telephone audits.
 - Launched a Remote Auditing Procedure pilot process, incorporating best practice and lessons learned. This allowed continued engagement with dutyholders to manage fire risks, and support the prioritisation of any risk critical premises that would require further enforcement intervention.
 - Continued to look at reducing Unwanted Fire Alarm Signals⁶ by mainstreaming good practice UFAS initiatives across the country; and consolidating the Service's overall approach to managing UFAS.
- This included the creation of three potential future responses which will form the basis of a public consultation exercise in July 2021.
- Following the launch of our [Youth Volunteer Scheme](#) in February 2020, we continued to develop this initiative that creates opportunities to improve life chances and empower young people. From March 2020, the scheme moved to online engagement with the use of digital channels being used to provide lesson plans, peer and adult support and the promotion of positive mental health and well-being.
 - Continued our work to prepare for the new standard of smoke detection that will be introduced because of amendments to the Housing (Scotland) Act 1987. Interlinked smoke and heat alarms, carbon monoxide detectors and ladders have been purchased and Safe Systems of Work have been developed to ensure safe methods and procedures are followed when staff are fitting to the new standard. The new standard will be implemented in February 2022.
 - Worked closely with partners to create the NHS Louisa Jordan Hospital in Glasgow. This involved the enhancement of fire safety measures in an existing building that utilised local and national Fire Safety Enforcement teams, Operations staff and the Fire Engineering Team to ensure those resorting were safe from fire and bespoke attendance arrangements could be made to deal with any incident.
 - Expanded our Fire Investigation Section (FI) by welcoming a Fire Investigation Dog Team. This new resource supports our FI teams and improves our capabilities and performance. A specially trained canine called Phoenix and his handler are now nationally available to support FI teams at fire scenes where it is suspected that ignitable liquids may have been used as an accelerant.

6 UFAS is an event which requires an operational attendance by the fire and rescue service due to the unwanted actuation of a fire system. However, unlike other attendances, a UFAS incident does not require any firefighting action.

PREVENTION SPOTLIGHT: MAKE THE CALL CAMPAIGN

One of our main prevention initiatives is targeted safety messaging and this year saw lockdown change Scotland's risk profile almost overnight as people were urged to stay at home to prevent the spread of the virus. This safety measure did, however, have the potential to impact upon the number of fires in residential properties.

In response to an increase in fire fatalities and serious accidental dwellings fires, we launched our [Make the Call](#) campaign to target people over 50 who: smoked and who either lived alone; had mobility issues; or used oxygen. The campaign was launched via a national radio advert with the support of partner organisations across the community safety sector.

Make the Call was a hard-hitting appeal to carers, family and friends of those who are at risk of serious injury or even death because of an accidental fire in their home.

The campaign appealed to communities across Scotland to help save a life and consider home fire safety when checking in on vulnerable neighbours, friends and family members

during lockdown and to put them in touch with us wherever possible using our free HFSV phonenumber.

Our staff, who worked at Community hubs, engaged with the public throughout the campaign, distributing 109,000 leaflets and 10,000 posters across Scotland. This was followed by TV, press and social media campaigns in October 2020.

Our Make the Call radio advert reached almost 2 million adults in Scotland, being heard 16.5 million times. The social media campaign reached a combined Scottish audience of over 600,000, whilst the television advert reached 43% of Scottish adults (with 70% of those over 60). Our newspaper adverts reached 32% of C2DE1* adults and 40% of C2DE adults over 50.

A Covid-19 Home Fire Safety Checklist was developed to run in conjunction with the TV campaign. As it was deemed unsafe to use traditional methods of delivering leaflets, this downloadable resource was shared widely across websites and social media accounts by ourselves and 60 of our partners – being viewed on social media over 400,000 times.

* C2DE1 is the socio demographic group which is most often at risk from fire, including those who depend on welfare for income, pensioners, and residents in areas of multiple deprivation.

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 2020/21 we:

- Established several support structures to operate effectively throughout the Covid-19 pandemic. These structures allowed us to maintain service delivery and support our partners to continue protecting the people of Scotland, whilst safeguarding the health, safety and wellbeing of our staff.
- Developed a suite of operational guidance notes for our frontline staff to ensure they could continue to carry out their operational tasks safely throughout the pandemic.
- Developed a Recovery, Reset and Renew Routemap which is based on fundamentals of:
 - **Recovery** – dealing with non-critical backlogs that have developed over the period, i.e. training, recruitment, equipment testing, property maintenance.
 - **Reset** – returning any adapted operating processes and approaches, where appropriate, to their pre- pandemic position and/or posture.
 - **Renew** – the implementation of new working process and practices based on experience and knowledge gained from the pandemic or from other improvement processes and methodologies
- Continued to develop our Service Delivery Programme which aims to undertake short, medium and long-term scenario planning, which informs an analysis of risk across Scotland’s communities. These reviews will identify where the SFRS, 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.
- Began development of a new SFRS Operations Strategy, working alongside our partners, to develop an appropriate response to incidents. The Strategy 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, including Wildfire.
- Developed a new **Wildfire Strategy** that focuses on the need to prevent these fires from happening, and ensuring that when they do, the response is as efficient and effective as possible. A dedicated Working Group has also been established and four additional Wildfire Tactical Advisors have been added to our cadre of specially trained officers who will support Incident Commanders across the country.
- Carried out significant planning in support of the safety and security of the UN Climate Change Conference (COP26) to meet the statutory requirement, as detailed within the Civil Contingencies Act (2004), to plan for, respond to and recover from such a national event. These conferences allow for multi-lateral discussion of climate change matters and rotate annually around the five United Nations (UN) regional groups. In November 2021 the Scottish Event Campus in Glasgow will host this year’s event. It is anticipated

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.

it will be the largest international summit held within the United Kingdom, with estimated numbers of 150 attending Heads of State being accompanied by upwards of 30,000 delegates.

- Developed and launched a new electronic Operational Assurance Recording and Reporting System (OARRS) to further support the gathering, analysis, progression and sharing of operational learning. The system allows learning to be collected from station audits, incident reviews and incident debriefs by providing a direct link between our staff and the Operational Assurance department.
- 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.
- Began work to review and update our operational documents which provide risk critical information and operational procedure to our operational staff on the frontline.
- Took a bold new approach to supporting our Retained and Volunteer Duty System (RVDS) Firefighters⁷, with a focus on recruitment, retention and improving working practices. We have employed 54 full time RVDS Watch Command Support Officers employed

from amongst our existing RVDS workforce and strategically and equitably located across the country. The success of the project has created increased ability to support and maintain RVDS 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 progress the Implementation of our new Command and Control Mobilising System that will enable integration of all three of our Operations Control Centres. The system will deploy bespoke technology that will significantly enhance both community and firefighter safety.
- Continued our involvement in the Emergency Services Mobile Communications Programme (ESMCP) as one of the Scottish Services reporting to the Scottish Government as Sponsor. A root and branch review of the ESMCP was undertaken it is anticipated that the transition to the Emergency Services Network from Airwave will take place in the summer of 2024, with the decommission of Airwave planned for the end of 2026. The ESMCP was established by the Home Office to manage the replacement of the current Airwave Tetra Communications network currently used by the UK's emergency services.

⁷ 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: HELPING LOCAL COMMUNITIES

During the unprecedented period of the Covid-19 pandemic it became more important than ever to build upon our partnership working and to focus on helping to support the most vulnerable people in society, the communities we serve and to continue to help keep them safe.

Throughout this time of need, our staff have continued to go above and beyond the call of duty to offer increased support and assistance. In addition to receiving requests via local authorities, community partnerships and other agencies, they have often taken it upon themselves to respond to individual and/or community needs across the country.

Our staff have undoubtedly been a vital lifeline to many and have not only provided support for those most in need within our communities they have provided and strengthened support for each other.

Colleagues in Lanarkshire launched a series of initiatives to help the elderly and vulnerable during Covid-19. Members of the South Lanarkshire Community Action Team, along with two colleagues from Clydesmill Fire Station, worked closely with South Lanarkshire Council's Community Wellbeing Team in delivering prescriptions. The partnership reached out to 250 voluntary groups, including elderly person's charity LEAP.

Staff across the country have been praised for adapting to meet the needs of the most vulnerable people in society. They have been delivering much needed prescriptions to the homes of those who are unwell, isolating or shielding and in need of medications. Prescriptions have been delivered across Renfrewshire and Midlothian, and as far afield as Orkney. Stirling firefighters have helped deliver hand sanitisers to the vulnerable and Renfrew Community Fire Safety Team collected essential toiletries for patients and medical staff.

As well as food and prescription deliveries, there are those who have stepped in to provide social support within their communities. Ayrshire's Community Action Team provided support for the elderly and vulnerable through vital befriending calls. A new helpline for people in Glasgow who need support during the coronavirus pandemic has been fully supported by the Glasgow Community Action Team where staff supported a virtual help desk for the city's vulnerable by

responding to calls from those in need.

Members of the East Administration Team helped regions within the East Service Delivery Area by taking on additional training and duties to help keep the Community Safety Engagement Toolkit up to date and supporting those in most need to stay safe by sending out reminder letters for Home Fire Safety Visits.

Work has been undertaken by staff and teams across the country to help support local foodbanks who have been significantly impacted during this time. Crews at Blairgowrie Community Fire Station worked in partnership with their local Tesco to generously provide more than three full shopping trollies worth of essential items to Perth and Kinross Foodbank and crews at Port Glasgow donated shopping vouchers to a local voluntary group to assist those struggling.

Lanarkshire colleagues have launched into a series of initiatives to help the elderly and the vulnerable and in Angus, with thanks to a multiagency project to reduce fire risks during the Covid-19 pandemic, community walk rounds have been undertaken across the area to help safety teams spot fire hazards

Stirling firefighters were delighted to team up with Doune's Deanston Distillery, who had diversified to help deliver dozens of cases of hand sanitiser to care homes throughout Stirling and Clackmannanshire. Perth firefighters raised money to organise a rainbow 'Thank You NHS' flag to fly above the station and continued fundraising was donated to Tayside Health Fund.

These are just some of the many examples of how we continue to help at the very heart of the communities that they serve.

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 2020/21 we:

- Published a revised set of [Equality Outcomes](#), along with the biennial [Mainstreaming Report](#) which will be published annually from April 2021.
- Published our '[We are Positive About Disability - Guide to Reasonable Adjustments and Supporting Staff with a Disability](#)' to meet both legal and moral obligations. This guidance will support and embed a culture that is positive about disability, where stereotypical thinking is challenged. It will ensure that appropriate guidance is in place to support our employees and line managers.
- Established equality related Employee Networks. These 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, a Women's Network and a Neurodiversity Network are currently operating, with plans to introduce a Carers Network in 2021/22.
- Acted in advance of the move to end period poverty in the UK by providing access to free sanitary provisions on our fire appliance and occupied buildings.
- Developed and implemented a suite of risk control documents to support the safe occupation of SFRS workplaces.
- Launched our bespoke Health and Safety Management Information System (HSMIS). The HSMIS supports us in monitoring, measuring and implementing our health and safety arrangements in accordance with all statutory duties placed upon the Service and will strengthen our Health and Safety arrangements by allowing us to interrogate our safety performance locally as and when required. The system will also produce bespoke, detailed performance reports for the SFRS which will identify targeted actions and monitor improvements.
- Launched our [Mental Health Strategy](#) in June 2020, identifying priorities including the formation of a Suicide Prevention Sub Group, and the subsequent creation of a suicide prevention strategy. Actions from this strategy now form part of the wider Mental Health and Wellbeing Action Plan. Engagement with partner agencies is progressing as we work towards the development of a model of mental health support across the SFRS.
- Developed a range of mental health resources to support staff wellbeing throughout the Covid-19 pandemic via a dedicated Wellbeing Group. The Group continues to focus on the provision of practical support and leadership development tools; producing thematic updates around health and wellbeing issues related to Covid-19, including: financial challenges;

safe use of alcohol; relationship issues including isolation and loneliness and domestic abuse; personal safety; nutrition; weight management; sleep hygiene; and support for vulnerable groups.

- Supported our colleagues who were required to work from home during the pandemic. Since the end of March 2020, around 600 laptops have been allocated, as well as additional equipment such as screens and docking stations. A Display Screen Equipment (DSE) assessment has been developed and staff regularly working from home have undertaken the review to reduce the chance of work-related injuries or ill-health associated with extensive use of DSE and workstations.
- Developed guidance to manage physical and mental health while working from home. A Covid-19 homeworking checklist was made available, designed to assist in reviewing home environments and take all reasonable measures to maintain good posture, health and wellbeing while working on computers - as well as a few simple ideas to assist remote working with kids around.
- Launched a staff Wellbeing Survey in January 2021 to evaluate the effectiveness of the work of the Wellbeing Group during the pandemic. The results will further inform the Mental Health and Wellbeing Action Plan including: the creation of an Agile Working Framework that supports the very best mental and physical health and wellbeing for our people; delivery of support sessions around physical activity and mindfulness; and delivery of campaigns and manager's toolkits to enhance staff wellbeing
- Moved to ensure that vital training of our staff has been able to continue during the pandemic by producing guidance for our operational crews to facilitate local on-station training and maintain competence in their key core skills during Covid-19 restrictions.
- Created on-line operational training materials to enable 12 core skills modules to be accessed remotely via our Learning Content Management System (LCMS), enabling staff to complete technical knowledge training without physically attending their stations. A new App was also introduced allowing access to LCMS via mobile phone. This reduced the time and frequency that staff had to be at their stations by limiting their attendance solely for practical skills application sessions.
- Continued to develop our leadership capability which centres around strategic organisational needs, taking an agile approach to leadership at all levels. In progression of the opportunities for collaboration through the Scottish Emergency Services National Collaboration Strategy, agreement has been reached to establish the Collaborative Leadership Project through a shared resource and learning model.
- Concluded the delivery phase of the Leading-Edge Senior Leadership Team Development Programme, informing the development of strategic goals and objectives.
- Focused on the imbedding of the leadership style across Executive, Strategic and Middle Management teams through the Leadership for Change Programme.
- Continued our Succession Planning activity with the approval of the Leadership Development Centre Policy forming the basis of our approach to Talent Management. This will complement the existing leadership and technical development processes, taking cognisance of the leadership behaviours and competency framework to ensure consistency across the organisation.
- Progressed engagement on the proposed Leadership Development Centres (LDCs) for future supervisory managers. Psychometrics to inform LDCs, talent management / development and succession planning activity have been procured and will be pivotal in the onward development of our future leaders.
- Continued the well-established partnership work with the Collective Learning Partnership and Scottish Union Learning Fund (Lifelong Learning Programme) which continues to support our staff to access personal development courses that range from Mental Health Awareness, Modern Languages, and British Sign Language to Microsoft Office 365.
- Continued to work towards enhancing our Total Reward Framework to support employee engagement, attraction and retention. As part of this, a one-off Covid-19 Employee Recognition Process, based on the principles of the SFRS Recognition Scheme, was successfully concluded in March 2021. This initiative recognised the efforts of our staff who have gone above and beyond in displaying outstanding behaviours and contributions to both the Service and their communities during this unprecedented time.
- Began work to develop a long-term vision for the Service that will clearly articulate our purpose and provide a guide for staff on where we are going and, critically, why we think we need to go there. It will establish the breadth of our ambitions and the timescale over which we expect to realise them.
- Continued development of our Building the Future Together programme which will help implement and embed a Cultural Framework, made up of seven pillars, that will be a key enabler to the long-term vision work.

PEOPLE SPOTLIGHT: CORPORATE PARENTING THROUGHOUT COVID

We published our second *Corporate Parenting Plan* in January 2020. At that time, Covid-19 and the consequent measures to prevent the spread, were not in place.

Where safe to do so, we have adapted our approach to meet our actions, or a variation of them, within our Corporate Parenting Plan.

This has included colleagues in the East collating care packages for care experienced children and young people and working in partnership with supermarkets to deliver food parcels. Where possible, we have continued to virtually support local champions boards and groups. Within the North and the West, we have continued to work with other local partners and corporate parents to prepare for Covid-19 restrictions easing.

During Care Experience Week in October 2020, we delivered an internal 'focus group' to understand the barriers that care experienced young people can face when it comes to employment. Some of the barriers highlighted were:

- IT access
- Language used in applications
- Financial barriers
- Lengthy address history due to different placements
- Mental health
- Criminal convictions
- Access to eligibility documentations such as birth certificates
- Employers not taking the above barriers seriously

We are now exploring how this feedback can be incorporated into our employment practices and are arranging to have training from with Who Cares? Scotland to assist with this.

For National Care Leavers Week, we focussed on producing information sessions and materials that will reflect key fire safety messages for individuals leaving their care setting; moving into transition accommodation and/or their own home. Care Leavers themselves highlighted some of the areas that they felt should be included within any safety guidance and their contribution is a valued and important element of this work.

Engagement is currently on-going and we are looking to design fire safety talks that can be delivered to care experience people and an accompanying information leaflet.

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.

As well as looking at how we contribute to a sustainable Scotland, this means that we will always look to minimise the risks we face through effective business management and high levels of compliance.

Investing in and improving our infrastructure to ensure resources and systems are fit to deliver modern services form part of our commitment to deliver public value to the people of Scotland.

Strengthening our performance management and improvement arrangements to enable robust scrutiny, challenge and decision making nationally and locally ensure that we can analyse and deliver on this commitment.

During 2020/21 we:

- Published our [SFRS Climate Change Response Plan 2045](#) in line with the recent climate change emergency declaration. 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.
- Published 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.
- Published our [Procurement Strategy 2021-24](#) in March 2021. This outward focused strategy has been developed to respond to the wider challenges Scotland faces, whilst working to deliver the aspirations of the Scottish Government.
- Published our Annual Procurement Report, covering the period 1 April 2019 to 31 March 2020 in August 2020. The report meets our requirement under the Procurement Reform (Scotland) Act 2014 but importantly highlights the significant procurement activity undertaken by us in awarding 63 regulated contracts totalling more than £48.5M.
- Appointed a new internal audit service provision, commencing April 2020, to provide independent, objective assurance and advisory services designed to add value and improve SFRS operations.
- Moved our financial systems onto cloud technology. In addition to adding to a modern look and feel for end users this move enables access to our systems from any location. This proved very timely as we moved our teams seamlessly to homeworking to maintain critical finance and procurement services during the Covid-19 pandemic.
- Began work to further develop our financial and people reporting practices by commencing a programme of work which contains several projects to deliver a fully integrated digital solution that meets our needs for our People, Training, Finance and Assets Systems (PTFAS).
- Launched our new security and awareness campaign in September 2020. With Covid-19 affecting the way in which our staff carry out our roles, having a strong understanding of the cyber risks to the organisation has never been more important. 94% of staff carried out the mandatory training by July 2021 and further

measures are being put in place to raise completion rates, including: communication campaigns; engagement with our RDS staff to ensure the training is appropriate and accessible for them; and amendments to the staff induction process to include the training.

- Introduced a new system allowing users to reset passwords remotely without the need to contact ICT Helpdesk. This system helps to ensure that we continue to operate as effectively and safely as possible and minimise the risk from cyber threats.
- Introduced Microsoft Teams to assist and improve collaboration.
- Reviewed and published our revised **Performance Management Framework** for 2020/21. This Framework outlines how we will manage our performance so that we achieve the outcomes and objectives set within the Strategic Plan. It also contains a revised set of corporate performance indicators.
- Been subject to an internal audit of Corporate Governance arrangements. The audit has provided us with further independent assurance that we

have generally effective corporate governance arrangements and an effective reporting framework between the Committees and the Board.

- Followed national guidance throughout the Covid-19 pandemic to ensure that the SFRS Board could conduct their business. From March 2021, our Board meetings have been recorded and uploaded onto our website allowing wider public access and transparency. Our Board will return to a state of public access to Board and Committee meetings as soon as it is deemed safe by the Scottish Government.
- 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. 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.

PUBLIC VALUE SPOTLIGHT: OUR ENVIRONMENTAL COMMITMENTS IN ACTION

The three main sources of our measurable carbon emissions are electricity, gas and fuel for transport and by developing and trialling projects to make our buildings and fleet more energy efficient, we are committed to our pledge to drive down carbon emissions by an average of 6% per annum over the next decade. Scottish Government's ambition to phase out the need for diesel and petrol cars and vans by 2032, is articulated in Transport Scotland's 'Switched on Scotland' action plan. As part of that plan, the Energy Savings Trust awarded us with a grant in September 2019 for the purchase of Electric Vehicle Charging Points Infrastructure, at nine locations across the Service.

A further grant was awarded in November 2020 from Transport Scotland to lease 62 Low Emission Electric Cars (£0.644m) over a three-year period, and to purchase additional Electric Vehicle Charging Infrastructure at forty-nine locations across the Service.

At our East Service Delivery Area Headquarters at Newbridge, there have been 600 solar panels newly installed. They will power up to 40% of the building's electricity requirements, reducing energy costs by more than £23,000 per year.

Energy usage costs can now be easily reviewed and monitored via the Energy Viewer Metre Portal which allows staff to see a detailed dashboard of the actual energy use of their building. This tool allows staff to track and measure the impact of their actions and compare how their location compares to other sites.

The reporting year has also seen an upgrade to the Tranman system to help us keep track of our fleet through improved information management and data capture. This allows us to keep track of fuel usage and costs, vehicle accident and defect

reporting, as well as maintenance enquiries via a web portal.

The One Ask, One Degree initiative also took place where we have asked staff to join us this winter by turning down their heating by one degree to help improve energy efficiency and help reduce carbon emissions.

Mitigating our impact on the environment is important to us and we strive to be innovative in how we can do this. We now have three sites that have introduced beehives and honeybees as part of nature garden projects and joint pollinator projects. Clydesmill, Motherwell and North Anderson Drive Community Fire Stations house beehives and honeybees to help make our stations more environmentally friendly and create a more sustainable future.

We've also made an impact on some larger creatures over the year through the donation of old fire hoses to Blair Drummond Safari Park. This equipment has been put to fantastic use to help enrich the lives of some of the animals at the wildlife park, including Mondy the elephant who must now stretch to get her lunch through the folded hose. This means she must work harder for her food and use different muscle groups to aid her mobility. Monkeys and otters at the safari park have also benefited from the repurposed equipment.

Without this innovative initiative, this equipment which is no longer fit for purpose, would have been treated as waste and incurred a disposal cost.

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.

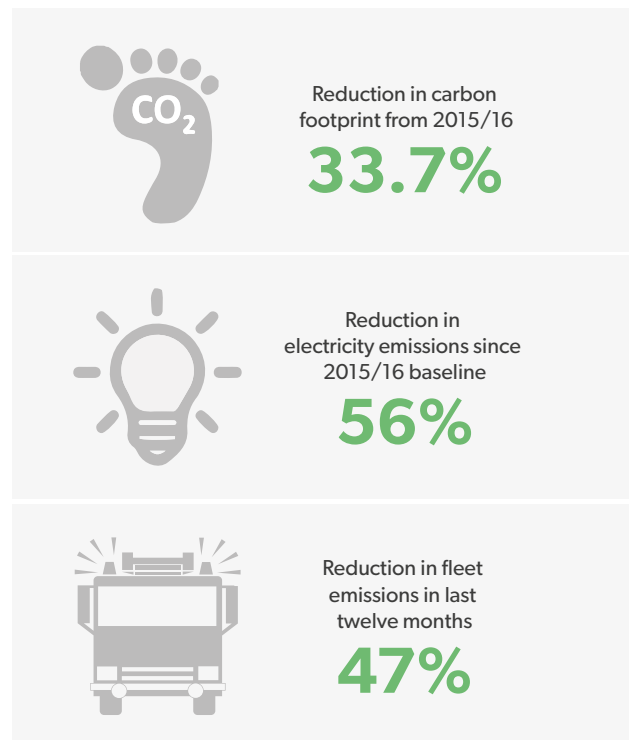
Sustainable development is integral to the Scottish Government's overall purpose – to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY

Our Service 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 Service'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 \(CMP\) 2020-2025*](#) 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 Service 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.



Greenhouse Gas Emissions

Our carbon footprint for the 2020/21 financial year was calculated at 15,360 tCO₂e. This is 7,966tCO₂e lower than the carbon footprint of 23,236 tCO₂e for the 2015/16 Climate Change baseline year.

Substantial carbon reductions have been achieved from fleet reduction activities which have enabled a cumulative financial saving of 10%.

This large reduction has been mainly due a 47% reduction in our road fleet emissions set against the 2015/16 climate change reporting baseline year. The decrease in the fleet emissions reflects a significant decrease in SFRS heavy appliance activity during the Covid-19 pandemic.

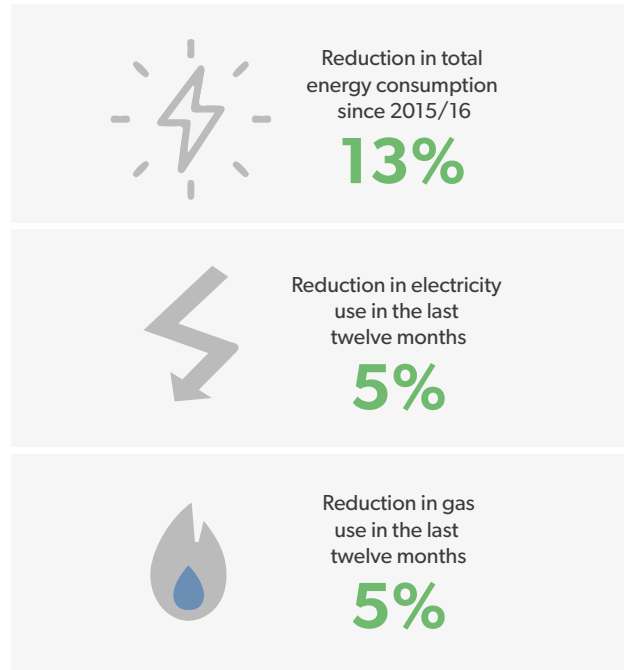
SFRS electricity is now sourced from renewable generation, this significant achievement serves to underpin our organisation's environmental and sustainability credentials.

A baseline comparison of 2020/21 performance provides evidence that we continue to reduce our carbon emissions. Enhanced data capture and information gathering continues to develop further. The availability of this data will remove some of the remaining restrictions on information availability and drive further reductions.

We have invested in 16 solar PV installations across our estate including a large 120kwp System at our Inverness Asset Resource centre, which is predicted to provide renewable energy for 35-40% of the power requirements for the site when operational.

We are investing heavily in building controls and have upgraded the building management systems at 25 wholetime and corporate sites to help reduce energy waste. We are also retrofitting smart heating controls to all retained stations over the next three to four years.

Such initiatives will support the delivery of our Environmental Objectives and will significantly reduce our Carbon emissions and promote the SFRS as a driving force within the public sector for embracing the Scottish Government's Climate Change Plan.



Energy Consumption

During 2020/21, we have reduced our total energy consumption figures from the Climate Change baseline. Electricity and gas consumption in 2020/21 reduced by about 5%, as has consumption of other fuels for buildings.

Our expenditure for gas and electricity for buildings has, however, seen a slight increase. Developing a better understanding of energy consumption and associated impacts remains key to identifying opportunities for further savings.

For example, over the past year all air conditioning equipment with a combined cooling output of greater than 12 kilowatts have been the focus of rigorous inspection and testing. This is to ensure this energy intensive equipment is running as efficiently as possible and that we are fully compliant with legislative requirements works being facilitated by the Hard Facilities Management (FM) Contract. This resultant equipment rationalisation has provided a significant reduction in electrical consumption and Carbon emissions.



Tonnes of controlled and special waste in 2020/21

925



Recycling rate

39.5%

Waste Management

Following the award of a national Soft FM contract in March 2019, we are now able to record comprehensive waste data from our full estate for the first time since the single service was formed. The 2019/20 year is therefore regarded as the baseline year for waste data reporting purposes.

The total volume of controlled and special waste produced in 2020/21 was 925 tonnes, a reduction of 41 tonnes from the previous financial year. This is inclusive of waste from all stations, corporate sites, vehicle workshops, stores and training centres.

The recycling rate on our estate increased by 4.5% during 2020/21, to 39.5%. The volume of waste sent to landfill was 123 tonnes. This figure will remain relatively static due to the limited waste management and disposal infrastructure in some of the more remote rural areas of Scotland.

The financial expenditure on waste decreased by £19,781 (6%) during 2020/21 to a total of £327,466. This is believed to be due to a combination of the rationalisation our waste services, reduced occupation within our corporate sites and increased recycling rates.

Water Management

During 2020/21 we installed automatic meter readers (AMR) on water meters on all Wholetime stations and larger training and corporate sites. The AMRs allow us to closely monitor our water use and allows any leaks to be detected and repaired quickly. The AMRs will also allow us to set water consumption benchmarks and identify efficiency savings on our highest consuming sites.



Electric Vehicles

100+

Electric Vehicle Fleet & Infrastructure

We continue to grow a comprehensive electric vehicle fleet and currently have over 100 electric vehicles. This includes 62 new vehicles that are being distributed across Scotland for the use of Rural Full Time Posts. We are also involved in research and development for an electric fire appliance and intend to trial several fully electric vans in the coming months.

The SFRS estate now has 98 electric vehicle chargers on 61 sites. This includes a variety of rapid chargers, fast chargers and trickle chargers, depending on the location and the operational requirement. The development of our charging infrastructure will continue across the estate to provide a comprehensive network and national coverage. This progress will enable us to transition 50% of our light fleet away from internal combustion engines by 2025.

Climate Change Adaptation

We are responding to the need for Climate Change Adaptation delivering both Climate Change mitigation and adaptation. Mitigation means identifying significant sources of carbon emissions within the Service that contribute to Climate Change while creating realistic solutions to significantly reduce greenhouse gas emissions within the Service. Adaptation means analysing any potential risks posed to the Service because of climate change.

The SFRS continues to use the Project Plan of the Carbon Management Plan (CMP) as a mitigation tool to identify mobile and fixed assets which generate significant greenhouse gas emissions. The draft CMP lists potential energy and carbon saving projects for our assets.

The SFRS Property Hard FM Contract continues to deliver a comprehensive programme of planned preventative and responsive maintenance activities ensuring that SFRS buildings continue to run effectively.

In addition to mitigation, the SFRS will assess its own vulnerability to Climate Change using the Scotland Adapts Climate Change Assessment Tool produced by Adaptation Scotland in order to adapt to the changing climate as a result of greenhouse emissions.

The SFRS has delivered detailed Flood Risk Assessments on all sites within known Flood Risk Areas and will embed the information produced into each site's contingency plan.

Two thirds of reportable emissions are the outcome of building (site) usage within the Service. We currently have 143 Energy Performance Certificates (EPC) displayed at sites which meet the current threshold for occupied public buildings. From the data collated, a total of 12 sites remain

rated at the energy efficiency value of D and above, with the remaining 131 sites rated at E to G. 110 sites are rated at the energy efficiency value of G, which represents 76.9% of the total 143 sites which have an EPC.

This data, which is collected every ten years, indicates that there is considerable scope for building improvements within our sites to significantly improve the energy efficiency rating of our properties, a key theme being promoted by the Scottish Government Energy Efficiency Route map. We have adopted the Scottish Government's energy reduction hierarchy in our CMP to align the energy and carbon reduction activities and potential of the SFRS with those of the Scottish Government.

Biodiversity

The SFRS beehive network has continued to grow during the past 12 months with hives being installed at Motherwell and Coatbridge Fire Stations. Further sites that are suitable for hives are now being sought across the SFRS estate.

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 over two years and we have set Financial Year 2019/20 as the official baseline year, producing 816 tCO₂e. These emissions are made up from staff mileage claims, rail travel, flights and hotel stays.

In 2020/21, our business travel emissions were 301 tCO₂e, a reduction of 514 tCO₂e from the previous year (2019/20). This reduction can be attributed to the reduced travel requirement during the pandemic.

ECONOMIC SUSTAINABILITY

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

During the reporting period, a joint project was carried out with the Scottish Public Pensions Agency to confirm the retirement profile of our Wholetime Operational Staff. This has led to the development of a six-year external recruitment and internal promotion schedule, giving the ability to efficiently forecast and assess for issues and plan more effectively than ever before. We have developed our Retained firefighter leavers profile to more accurately plan for this staff group. Dedicated resource has been allocated to manage both Retained and support staff leavers and vacancies to improve candidate and recruitment manager experience in these groups of staff.

The operating environment created by the pandemic has had a significant impact on resourcing. Safe systems of work have been developed and implemented to enable key resourcing activities to continue despite challenges. Adjustments include a move to conducting virtual interviews

which has proved to be a positive change based on feedback from candidates and panels.

The SFRS and Scottish Government restrictions have impacted the resourcing of external candidates, with challenges to medicals and our ability to train new staff. This has resulted in deficiencies to our frontline operational establishment. Workforce Planning continue to provide support to Service Delivery to develop a range of reporting tools and options to manage availability. Additionally, we have established a Resourcing Recovery Group to maximise our resourcing intakes and continue to work with stakeholders to develop tactical solutions to support our resourcing needs.

We continue to work with stakeholders to enhance our approach to workforce planning and have used the resultant analysis to not only advise our resourcing timelines and priorities but 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.

SUSTAINABLE PROCUREMENT

We recognise our responsibility to carry out all our procurement activities in an environmentally and socially responsible manner, whilst achieving value for money on a whole life basis. We are 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.

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* 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 will seek to achieve this through: carbon reduction, accessibility for Small and Medium Enterprises (SMEs), supporting community wealth building; engaging supported businesses; fair work practices; championing equality; diversity and ethical trading; delivering community benefits; and ensuring health, safety and wellbeing. We have made a commitment that sustainability will represent at least 25% of the evaluation criteria in relevant regulated procurements.

We are committed to the inclusion and consideration of community benefits in all relevant procurement activity and our procurement governance model provides a framework to ensure consideration is given to the three key areas of economic, environmental, and social factors when undertaking our procurement activity. It is against these three areas that consideration is given when undertaking pre-market engagement and completing the Commodity Strategy, which together with the development of targeted outcomes, will ensure that sustainability is integrated into the procurement process in a proportionate manner.

The Procurement Team utilise the Sustainable Procurement Toolkit to assist early stage strategic planning at a Category level, thereby ensuring that the SFRS can embed relevant and proportionate requirements in its procurement activity, ensuring a range of economic, social and environmental benefits are identified and acted upon. Use of the toolkit will also assist in recovery from Covid-19 in a socially-inclusive and environmentally sustainable way, and assist the SFRS meeting its *Climate Change Response Plan* in addition to assisting in the delivery of Scottish Government National Outcomes.

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. This is reflected in 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 and the Procurement Team support the various 'Meet the Buyer' events promoted by the SDP.

The SFRS has successfully introduced project bank accounts with a main contractor which is designed to pay sub-contractors at the same time as main contractors in relevant procurement activity. We will continue to introduce project bank accounts and promote their use across public sector in conjunction with Scottish Government.

The SFRS is currently engaging through our Local Senior Officers (LSOs) as part of our partnership working with local authorities to support Community Wealth Building Projects. Progressive procurement is a core principle to help develop local supply chains of businesses likely to support local employment and keeping wealth in communities. The SFRS Procurement Team will actively support LSOs to provide subject matter expertise as part of these projects.

Our procurement activities continue to promote and explore opportunities to engage with the Supported Business sector for Reserved Contracts wherever there is synergy between our requirements and the goods or services offered by this sector. In the financial year 2020/21 this involved the award of a contract to Capture-all Ltd for our document scanning requirements as well as the continuation for the supply of uniforms by Haven for our Youth Volunteer Scheme.

Through funding provided by the Scottish Government's Switched on Fleets initiative for the procurement of electric vehicles and charging infrastructure, a circuit of 98 charge points at 61 rural fire stations have been installed to support a new fleet of electric vehicles for firefighters in rural communities across Scotland to support the decarbonisation of our fleet.

We continue to be a member of the Scottish Fair Trade Forum.

We expect and encourage our contractors and their wider supply chain partners to adopt a similar ethos to sustainability and we will engage with them to make them aware of our commitment to the issue. We actively support current and potential suppliers to participate in our procurement activity and we work with them to remove barriers to their participation. Our commitment to this is shown by our continued support of supplier engagement initiatives both in a Scottish context and in the wider UK Fire and Rescue Sector.

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 adoption of Fair Work First elements, including channels for effective voice, investment in workforce development, no inappropriate use of zero hours contracts, action to tackle gender pay and payment of living wage in tenders where relevant.

The SFRS has adopted Scottish Government's 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 over this strategy period of 2021-2024.

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

SUPPORTING EQUALITY, DIVERSITY, HUMAN RIGHTS AND INCLUSION

Our *Strategic Plan 2019-22* describes our aspiration to be a world leading fire and rescue service and with that create 'a great place to work' and one that meets 'diverse community risks'. To do this, we know that equality and diversity 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. It is anticipated that 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* were 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 and implemented remotely across the Service and not the responsibility of a single team.

Providing support to colleagues through 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 helps support individual responsibility for the equality agenda.

Visual cues for highlighting the importance of equality, diversity, inclusion and human rights has 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.

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, 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, and that women form a majority on our Board.

Gender as at 31 March 2021					
	Headcount	Male	Female	Male	Female
Wholetime 5 WDS	2,963	2,784	179	93.96%	6.04%
Day Duty	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	4461	44.86%	55.14%
Total	7,834	6,743	1,091	86.07%	13.93%

Figures from 2019/20 can be seen for comparison:

Gender as at 31 March 2020					
	Headcount	Male	Female	Male	Female
Wholetime 5 WDS	2,930	2,757	173	94.10%	5.90%
Day Duty	360	326	34	90.56%	9.44%
Rural FT	36	29	7	80.56%	19.44%
Flexi Duty	265	258	7	97.36%	2.64%
Control	190	32	158	16.84%	83.16%
RDS	2,934	2,726	208	92.91%	7.09%
Volunteer	316	262	54	82.91%	17.09%
Support	812	370	442	45.57%	54.43%
Total	7,843	6,760	1,083	86.20%	13.80%

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.

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 underrepresented 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.

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 and our Balancing the Workforce strategy 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 31 March 2021		
Ethnicity	Number	Percentage of total
White	4695	60.67%
BAME	55	0.71%
Prefer not to say	26	0.34%
Not recorded	2962	38.28%
Total	7738	100%

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

Six of the twelve Board Members are women, as is the Chair of the Board, which has seen us achieve the Scottish Government vision of a 50:50 gender representation on public Service Boards.

As part of our commitment to equality, diversity and inclusion and 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 very 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 our recruitment and selection 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.

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 recorded absences by staff group for the two fiscal years 2019/20 and 2020/21.

Attendance rate is an important indicator for any employer. It can give an early warning of safety concerns or welfare problems. Careful management of attendance also gives us the tools to step in and bring staff back to work in a reduced capacity if we can. The public sector sees good attendance ratings as important indicators that absence is being effectively managed.

The data below shows both long-term and short-term absences illustrate an overall decrease between both years. This decrease can partly be attributed to a review of the Attendance Management Policy and supporting procedures that took place in early 2020. This, along with the promotion of the Mental Health Strategy, the Wellbeing Group and the HR Business Partners briefing sessions for managers, saw a

number of long-term absence cases ended as staff members successfully returned to duties.

The reporting period covered lockdown, where there was less exposure to common seasonal ailments. This has also contributed to the decreases shown.

To ensure the safety and welfare of employees, the People and Organisational Development directorate maintains a key focus on absence management within the organisation. This is achieved by monitoring and providing quarterly absence reports to stakeholders, which enables more effective people management and application of policies and procedures.

Further investment in employee wellbeing has continued with the provision of a 24/7 counselling service and post-incident support services.

Long-term Absence

2019-2020					
Staff Group	Q1	Q2	Q3	Q4	Overall
Wholetime	86	68	58	57	269
Retained	82	103	101	106	392
Volunteer	5	5	2	1	13
Control	6	7	9	8	30
Support	18	27	32	23	100
Total	197	210	202	195	804

2020-2021					
Staff Group	Q1	Q2	Q3	Q4	Overall
Wholetime	70	51	59	43	223
Retained	78	67	72	93	310
Volunteer	2	3	2	0	7
Control	9	9	7	5	30
Support	28	22	20	20	90
Total	187	152	160	161	660

Short-term Absence

2019-2020					
Staff Group	Q1	Q2	Q3	Q4	Overall
Wholetime	607	732	786	801	2926
Retained	251	263	368	404	1286
Volunteer	1	3	1	4	9
Control	58	70	87	83	298
Support	135	163	199	184	681
Total	1052	1231	1441	1476	5200

2020-2021					
Staff Group	Q1	Q2	Q3	Q4	Overall
Wholetime	518	616	590	561	2285
Retained	219	243	216	238	916
Volunteer	4	0	3	5	12
Control	54	74	62	59	249
Support	88	100	100	91	379
Total	883	1033	971	954	3841

ACCOUNTABILITY REPORT

In this section of the report we set out:

Our Corporate Governance Report, including:



DIRECTORS' REPORT

The Scottish Fire and Rescue Service (SFRS) presents its Annual Report and Accounts for the year from 1 April 2020 to 31 March 2021. 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:	Bill McQueen CBE
Chief Officer and Accounting Officer:	Martin Blunden
Board Members:	Nick Barr Brian Baverstock Lesley Bloomer Anne Buchanan Marieke Dwarshuis Sid Patten (retired Oct 2020) Malcolm Payton Primrose Stark Fiona Thorburn Tim Wright Mhairi Wylie

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
Deputy Chief Officer:	Ross Haggart
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 Asset Management	Iain Morris
Acting Director of Finance and Procurement	John Thomson
Director of Strategic Planning, Performance and Communications:	Mark McAteer

Financial Performance

The format of the Accounts is set by the 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 SoFP (Statement of Financial Position) 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 2020/21 was £307.976 million for both resource and capital purposes against a cash Departmental Expenditure Limit (DEL) budget of £307.776 million. The variance arose from variations in the working capital requirements due to changes in year-end creditors and accruals.

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 2021 of £2.339 million relates to a combination of factors. There was an underspend in relation to employee costs of £0.918 million. Retained activity, impacted by Covid, accounted for an underspend of £1.057 million. Other uniformed staffing costs accounted for an overspend of £0.757 million, mainly due to the reprofiling of staff roster days to ease pressure on the 2021/22 budget. Support staff vacancies accounted for an underspend of £0.109 million. Other employee costs including subsistence, early retirement charges and adjustments for holiday pay accounted for the remaining underspend of £0.509 million. There was an underspend of £1.344 million in expenses, mainly within Transport costs relating to the impact of Covid on fuel and travel costs. In addition, income was over-recovered by £0.041 million and there was a gain of £0.036 million on the disposal of assets.

The SoFP shows net liabilities of £4.431 billion, due mainly 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 2021/22 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 attached 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 £637 million for financial period 2020/21 (Net Expenditure of £881 million in 2019/20), as shown in the Statement of Comprehensive Net Expenditure in the Annual Accounts section of this document.

The significant difference between the two years is due to actuarial losses of approximately £274 million experienced during 2020/21 in relation to the Pension schemes that the SFRS participates in, compared to losses of approximately £477 million during 2019/20. In addition, the Net interest cost of IAS19 assets and liabilities reduced from £114 million in 2019/20 to £82 million in 2020/21.

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

Our [Asset Management Strategy](#) sets out a strategic framework to ensure that our essential frontline services have the right equipment, ICT, vehicles and appliances available to them at all times, as well as providing accommodation that is safe, secure and strategically located for effective service delivery. Our Strategy assists in ensuring that the SFRS is entirely compliant with regards to the regulatory, contractual and legislative commitments but, more than that, it also ensures that we strive to implement best practice wherever possible. The Strategy is underpinned by the [SFRS Strategic Plan](#) and is now fully embedded within our Long Term Financial Strategy.

A new post of Asset Governance and Performance Manager has recently been created, a principle objective for this post will be to develop and implement a revised Property Asset Management Strategy, this will be informed by the outcome of the Service Delivery Model Programme (SDMP). The revised document will set out Asset Management's long-term strategy and approach to maintaining the existing property estate, identifying and developing additional estate needs and where appropriate, rationalising the property estate.

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.

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 communications and engagement has continued to be a significant strand of activity for the team in 2020/21, aimed at supporting staff through the pandemic. Our internal intranet Covid page and the parallel SharePoint page – developed to increase staff accessibility - proved particularly effective with a combined hit rate of over 299,000 across the year. Health and wellbeing has been at the forefront of Covid communications with many initiatives

supported and a wellbeing resource created on the intranet and SharePoint with 3,400 combined hits across the year.

The specific Covid briefs merged with the weekly staff brief as things settled, with open rates still high at an average of 46%, comparing well against the average industry standard rate of 26%.

['Make the Call'](#) was an external-facing campaign developed and delivered by the team, aimed at raising awareness the increased risk of fire for vulnerable people living alone during lockdown. A targeted, multi-media campaign aimed at the relatives, friends and neighbours of those at risk was created with the main objective of generating calls for Home Fire Safety Visits to the target group. Social media was particularly effective here with a reach of 710,000 and 38,000 engagements.

We also ran a successful Duty holders campaign, targeted at retailers, businesses and duty holders to highlight potential enhanced risk of fire within their premises during and throughout Scottish Government led lockdown restrictions.

From August to December, the team developed and implemented a major programme of staff engagement on a new, long-term vision for the Service. Through leadership sessions, an online survey, focus groups and on-station discussions, more than 800 staff contributions were submitted. These were analysed and considered as part of a report to SLT, subsequently helping to shape the draft long-term vision which will be the basis for a six-week consultation exercise from June to July 2021.

Towards the end of 2020 calendar year, the whole team completed significant training over several weeks, delivered by the Consultation Institute, to ensure they are working to professional standards and following best practice in the planning, delivery and evaluation of public consultations.

Across the year, they continued with the Chief Officer broadcasts, initiated during the early stages of lockdown in March 2020. These were broadened out to cover general news across the Service, as well as key Covid updates, and moved from platforms from Skype to MS Teams. A total of 10 took place between April 20 and March 21 with over 11,000 staff views, ensuring senior leadership visibility and access.

Equal Opportunities

Details of our Equal Opportunities policies and activities are included within the Sustainability Report section on page 48.

Personal Data Related Incidents

No personal data related incidents were reported to the Information Commissioner's Office in 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 2020/21 shows that 97% of invoices were paid within this timescale (96% in 2019/20).

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 2021.

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 2020/21 is £0.106 million (£0.104 million in 2019/20). No non-audit services were provided in this period.

Auditor

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

Actuaries

Barnett Waddingham LLP Hymans Robertson
163 West George Street, 20 Waterloo Street,
Glasgow, G2 2JJ Glasgow, G2 6DB

Mercer, Exchange Station, Government Actuary's
Tithebarn Street, Department (GAD),
Liverpool, L2 2QP 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, Royal Bank of Scotland,
PO Box 51, London Corporate SC,
36 St Andrews Square, PO Box 39952,
Edinburgh, 21/2 Devonshire Square,
EH2 2AD 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:

Martin Blunden
Chief Officer

Organisation:

Scottish Fire and Rescue Service
15 December 2021

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 Accounting 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:

Martin Blunden
Chief Officer

Organisation:

Scottish Fire and Rescue Service
15 December 2021

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 2020/21 the SFRS Board ('the Board') comprised of thirteen Non-Executive Members including the Non-Executive Chair up until October 2020 when one Board member retired leaving twelve members on the Board. Throughout this reporting period a process for appointing new Board members commenced in February 2021, resulting in the appointment of four new Board members who started in July 2021, coinciding with the retirement of four existing Board members over June/July 2021.

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) as in place 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 2020/21, because of the Covid-19 pandemic placing 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 eight times in closed session 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 seven meetings in private during this reporting period. Further to this, seven Board Strategy/ Development/ Information Days, which support the effective and positive working relationships between the Board and Senior Leadership of the Service, were run. 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's work during 2020/21 can be found below:

- Approved the Amended Annual Operating Plan 2020-21, however, it was noted that Covid-19 was likely to have an impact on our ability to deliver the actions as presented. The full extent of this will be assessed and reported later in the year.
- 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 the updated Environmental Policy 2020.
- Approved the Energy and Carbon Strategy 2020-2030.
- Approved and acknowledged the progress made around the Arrangements and Outcomes of Annual Review – Effectiveness of Board.
- Approved the development of the West Asset Resources Centre (ARC) within the SFRS National Headquarters site at Cambuslang.
- Approved the Suspension of Public Access to the SFRS Board/Committee Public Meetings because of Covid-19, however, continued to make all papers and minutes available on our Website.
- Approved the Internal Audit Plan 2020/21, which sets out a timetable of the main reviews of key activities during 2020/21 that are intended to assist in ensuring effective governance and monitoring arrangements within the SFRS.
- Approved the Standard Station Design Principles to be adopted in the future development of fire stations within the SFRS.
- Approved the request to seek Scottish Government's approval the Debt Write Off (Commercial debt)
- Approved the Annual Procurement Report for the Period 1 April 2019 to 31 March 2020.
- Approved the Annual Performance Review Report 2019/20
- Approved the Board Forward Plan Schedule 2021-22 for all Board and Committee meetings.
- Approved the Board Remuneration Review and that Board member remuneration from April 2019 be adjusted in line with Public Sector Pay Policy and that henceforth the application to Non-Execs be reviewed by Remunerations, Appointment and Nominations Sub-Committee on an annual basis.
- Approved the Draft Annual Report and Accounts 2019/20 and authorised the Chief Officer, as the Accountable Officer, to sign and submit this on behalf of the Service.
- Approved the Commodity Strategy – Hard Facilities Management for the period December 2021 to November 2026 with the potential to extend for a further 3 one-year periods.
- Approved the Carbon Management Plan 2020-2025.
- Approved the Budget Strategy 2021-22 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 2021/22. The total Resource Budget for 2021/22 will be set at £284.7million, in line with resource budget funding from the Scottish Government.
- Approved the Capital Programme 2021-2024.
- Approved the Statutory Reporting Requirements – Mainstreaming Report and Equality Outcomes Report 2021.
- Approved the publication of the Equal Pay and Gender Pay Report 2021.

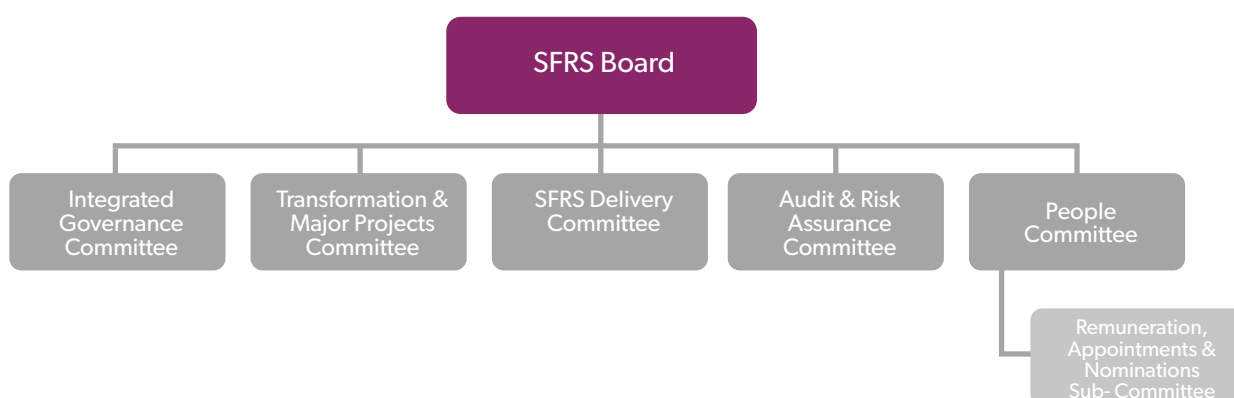
Board Members

The biographies and interests of Board Members can be found on the [SFRS website](#). The SFRS Board meetings attended online by Members during 2020/21 are detailed in the table below.

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	8	Anne Buchanan	7	8
Bill McQueen CBE (Deputy Chair)	8	8	Tim Wright	8	8
Marieke Dwarshuis	6	8	Nick Barr	7	8
Sid Patten (retired October 2020)	3	4	Brian Baverstock	8	8
Primrose Stark	7	8	Mhairi Wylie	7	8
Fiona Thorburn	7	8	Malcolm Payton	8	8
			Lesley Bloomer	8	8

Committee Structure and Coverage

During 2020/21 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 has a Terms of Reference, which were reviewed and approved at the [April 2020 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-Executive Members and during 2020/21 met four times in public. The Chair of the Committee is Brian Baverstock. Following a review in Committee Structures and in line with best practice in refreshing membership, following the retirement of Sid Patten in October 2020 he was replaced by Bill McQueen.

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

Based upon the work of the Committee during the period under review and the

assurances received, the Committee concluded 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 2020/21 can be found in their [Annual Report](#) to the Board and Accountable Officer.

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

Name of Board Member	Number of meetings attended in year	Possible
Brian Baverstock (Chair)	4	4
Lesley Bloomer (Deputy Chair)	4	4
Sid Patten (retired October 2020)	2	2
Tim Wright	4	4
Mhairi Wylie	4	4
Bill McQueen (joined October 2020)	2	2

Change Committee

The Change Committee (CC) 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 2020/21 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 Futures Programme; People, Training, Finance and Assets Systems; McDonald Road Refurbishment; West Asset Resource Centre; Emergency Services Network/ESMCP; as well as transformation projects such as the 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 Portfolio Office Manager will also provide clear direction and focus in terms of the Portfolio Office.

Further highlights of the CC's work during 2020/21 can be found in their [Value-Added Statement](#).

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

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

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 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 2020/21 met four times in public. The Committee Chair is Nick Barr. Following the Annual Governance Review 2020/21 it was decided to replace Anne Buchanan with Malcolm Payton. 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.

The Committee scrutinised the action plans relating to HMFSI inspection reports until July 2020 and from then onwards, the HMFSI Chief Inspector reported to the Audit and Risk Assurance Committee.

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 2020/21 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	4	4
Anne Buchanan	4	4
Fiona Thorburn	4	4

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 2020/21 met four times in public. The Chair of the Committee is Primrose Stark. From October 2020, following the retirement of Board Member Sid Patten, he was not replaced and a wider review will be conducted for 2021/22.

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 four Non-Executive Members and during 2020/21 met four times in public.

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 and Development and Training, Safety and Assurance Directorate's progress and performance, and the 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 People and Organisational Development 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 2020/21 can be found in their [Value Added Statement](#), detailed also is the revised name of the Committee moving into 2021/22.

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

Name of Board Member	Number of meetings attended in year	Possible
Primrose Stark (Chair)	4	4
Anne Buchanan (Deputy Chair)	4	4
Bill McQueen	3	4
Sid Patten (retired October 2020)	2	2
Malcolm Payton	4	4

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

Name of Board Member	Number of meetings attended in year	Possible
Primrose Stark (Chair)	4	4
Bill McQueen (Deputy Chair)	4	4
Marieke Dwarshuis	3	4
Anne Buchanan	3	4

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 at the [Annual Governance Review of the Board and Committee related items](#) on 30 April 2020 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 six Non-Executive Members and during 2020/21 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 (SDC) and People Committee (PC) 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 online by Members during 2020/21.

Name of Board Member	Number of meetings attended in year	Possible
Kirsty Darwent (Chair)	4	4
Bill McQueen (Deputy Chair)	4	4
Nick Barr	3	4
Brian Baverstock	4	4
Primrose Stark	4	4
Fiona Thorburn	4	4

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 2020/21 can be found on [our website](#).

In summary, collectively and through the detailed variety of examples within the report presented at the Board meeting (June 2021), it clearly demonstrates that progress continues to be made to improve the overall effectiveness of the Board.

In addition to this the work to develop an SFRS Corporate Governance Framework, which builds on our [Code of Corporate Governance \('the Code'\)](#), outlines our 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. It also 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 2020/21, 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 the 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 2020/21 was the continued development of a risk aware culture, providing additional assurance to scrutiny bodies.

The Internal Audit of risk management in July 2020 by Azets, and a review of the risk register framework requested by the Chief Officer, resulted in the development of a new risk register and associated reports 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.

A revised approach to risk appetite was also initiated through discussion with the Chair of ARAC and as a recommendation from the internal audit. The audit recommendation being to: Clearly communicate its risk appetite providing appropriate training and guidance at Board and SLT level.

A facilitated Board workshop in July 2020, supported by Azets, initiated these discussions and provided additional awareness on risk appetite. A further SLT workshop in September 2020 continued these discussions with the outcome being to provide an overarching risk appetite statement for the service.

Work to develop the risk appetite statement, and associated awareness, will be progressed during 2021/22 aligned to the Service's governance requirement and developed in line with the risk management framework.

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 ensuring our work supports the ten priorities outlined within the Fire and Rescue Framework 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 are 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 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 organisations internal and external auditors, as well as the outcomes of inspection work carried out by independent bodies such as HMFSI, Audit Scotland, 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 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 during 2020/21, 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 24 March 2021. 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 2020, 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 Deputy Directors to ensure quarterly updates 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 2020/21 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 Report 2020/21](#).

Azets concluded that: *“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 2020/21:

Review	Control objective assessment	No. of issues per grading				Control objective assessment definitions:	
		4	3	2	1	Colour	Meaning
Financial Systems Health Check		-	-	-	1		Fundamental absence or failure of key controls
Procurement and Tendering		-	-	1	1		Control objective not achieved – controls are inadequate or ineffective
Expenses Policy		-	-	2	-		Control objective achieved – no major weaknesses but scope for improvement
Implementation of SFRS Governance structure and Reporting		-	-	1	1		Control objective achieved – controls are adequate, effective and efficient
Risk Management		-	-	6	-		
Estates Asset Management and Maintenance		-	1	1	-		
Operational Equipment		-	1	1	1		
ICT and Data Security		-	3	2	-		

The approved SFRS audit programme for 2020/21 was completed and Internal Audit are able to provide SFRS with a Reasonable Assurance in respect of SFRS' risk management, control and governance arrangements.

For 2020/21, and following a procurement process of internal audit, Azets have been appointed from 1 April 2020 as internal auditors for the SFRS.

External Audit

The Auditor General for Scotland appointed Deloitte LLP as auditors to the SFRS covering the 12-month period ending 31 March 2021.

Deloitte LLP presented their final report to the Audit and Risk Assurance Committee (ARAC) of Scottish Fire and Rescue Service (SFRS) for the 2019/20 audit issuing an unmodified audit opinion, further detail can be found via [this link](#).

A Planning Report, submitted by Deloitte LLP to the [ARAC on 24 March 2021](#), communicated the audit activity to be undertaken for the SFRS for the period 2020/21.

The [conclusions](#) of the Audit were reported to ARAC on 14 October 2021.

Furthermore, a paper was submitted to ARAC on 26 August 2021 on the ['Audit Dimensions and Best Value'](#) for year ended 31 March 2021.

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 the local area, thematic and HMFSI identified inspection reports listed below. Further detail can also be found on the [Scottish Government website](#).

HMFSI published local area, thematic and other HMFSI identified inspection reports:

- [City of Edinburgh \(June 2020\)](#)
- [Training of the Scottish Fire and Rescue Service's Retained Duty System personnel \(April 2020\)](#)

- [Command and Control: aspects of the Scottish Fire and Rescue Service Incident Command System \(Aug 2020\)](#)
- [Assessing the Effectiveness of Inspection Activity \(March 2021\)](#)
- [Update on the Scottish Fire and Rescue Service's Planning and Preparedness for Covid-19 \(March 2021\)](#)
- [Update Report on the Scottish Fire and Rescue Service's Planning and Preparedness for exiting the European Union \(January 2021\)](#)

HMFSI now present a quarterly progress report that was presented by the Chief Inspector at the ARAC meetings during 2020/21. 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 2020/21 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.

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 Deputies, together with relevant Improvement Action Plans. Where applicable, these will be reported to the Good Governance Board and ARAC by exception during 2020/21 to ensure continuous improvement against identified areas.

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 of our strategic aims and objectives which is underpinned by our robust policies and procedures. No significant issues during 2020/21 have been identified, however, whilst Covid-19 remains a threat to health, the ability of SFRS to protect staff, partners and the public while meeting service delivery demands has been identified as a Strategic Risk.

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:

Martin Blunden
Chief Officer

Organisation:

Scottish Fire and
Rescue Service
15 December 2021

REMUNERATION AND STAFF REPORT

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

*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 59 days in 2020/21 and 58 days in 2019/20. The amounts paid to each Board Member are shown in the tables below:

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
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 23/10/2020) This is a 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

2019/20

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
Kirsty Darwent (Chair)	65-70	0	0	0	0	65-70
Marieke Dwarshuis	15-20	0	0	0	0	15-20
Bill McQueen (Deputy Chair)	15-20	0	0	0	0	15-20
Sid Patten	15-20	0	0	0	0	15-20
Anne Buchanan	5-10	0	0	0	0	5-10
Primrose Stark	10-15	0	0	0	0	10-15
Fiona Thorburn	5-10	0	0	0	0	5-10
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	5-10	0	0	0	0	5-10
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.

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
Martin Blunden, Chief Officer ¹	175-180	0	0	0	7.5-10.0	185-190
Ross Haggart, Deputy Chief Officer	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

¹ Final details of the transfer-in value of pension from the Firefighters' (England) Pension Scheme are not currently available. The 2019/20 figures included benefits arising from an expected transfer-in from the Firefighters' (England) Pension Scheme at 31 March 20 which did not proceed."

2019/20

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
Martin Blunden, Chief Officer ¹	165-170	0	0	0	(10.0)-(7.5)	155-160
David McGown, Deputy Chief Officer (Retired 1st April 2020)	140-145	4.6	0	0	80.0-82.5	225-230
Lewis Ramsay, Assistant Chief Officer (retired 17th October 2019). This is a pro-rata salary amount the FTE is £130,000-£135,000) ¹	70-75	3.0	0	0	(62.5)-(60.0)	10-15
Ross Haggart, Deputy Chief Officer (appointed 16th March 2020), Assistant Chief Officer (appointed 1st April 2019 to 15th March 2020). This is a pro-rata salary amount the FTE is £135,000-£140,000)	130-135	0	0	0	500.0-502.5	630-635
John Dickie, Assistant Chief Officer (appointed 1st April 2019)	130-135	0	0	0	565.0-567.5	700-705
Paul Stewart, Assistant Chief Officer (appointed 1st September 2019). This is a pro-rata salary amount the FTE is £130,000-£135,000)	110-115	1.1	0	0	20.0-22.5	135-140
Stuart Stevens, Assistant Chief Officer (appointed 16th March 2020). This is a pro-rata salary amount the FTE is £130,000-£135,000)	75-80	0	0	0	80.0-82.5	155-160
Sarah O'Donnell, Director of Finance and Contractual Services	105-110	9.7	0	0	32.5-35.0	150-155
Mark McAteer, Director of Strategic Planning, Performance and Communications	105-110	0	0	0	37.5-40.0	145-150
Elizabeth Barnes, Director of People and Organisational Development	105-110	4.5	0	0	52.5-55.0	160-165

¹ 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. The 2019/20 figures included benefits arising from an expected transfer-in from the Firefighters' (England) Pension Scheme at 31/03/2020 which did not proceed.

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	2020/21 Number of employees	2019/20 Number of employees
50,000-54,999	185	163
55,000-59,999	58	49
60,000-64,999	66	56
65,000-69,999	7	19
70,000-74,999	22	14
75,000-79,999	6	4
80,000-84,999	7	3
85,000-89,999	2	4
90,000-94,999	4	3
105,000-109,999	0	1
110,000-114,999	1	1
115,000-119,999	1	2
120,000-124,999	1	0
130,000-134,999	0	2
135,000-139,999	3	0
145,000-149,999	1	1
150,000-154,999	0	0
165,000-169,999	0	1
175,000-179,999	1	0
Total	365	323

*Ratio of Median Remuneration of All Staff Compared to Chief Officer's 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.

	2020/21	2019/20
	£000s	£000s
Chief Officer's mid-point banded remuneration including benefits in kind	177.5	167.5
Median remuneration of staff	24.8	31.1
Ratio	7.2	5.4

The banded remuneration of the highest-paid director in SFRS in the financial year 2020/21 was £176,816 (£168,300 in 2019/20). This was 7.1 times higher (5.4 in 2019/20), than the median remuneration of the workforce which was £24,826. The increase has arisen because the median point of the workforce has changed from a competent firefighter in 2019/20 to a firefighter in development role in 2020/21. The development role has a lower salary resulting in the median ratio increasing in 2020/21.

In 2020/21, none of the employees (nil in 2019/20) received remuneration in excess of the highest-paid director. Remuneration ranged from £14,791 to £176,816 (£17,601 to £168,300 in 2019/20).

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 2021 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.

Pension benefits for the Director of Finance and Contractual Services, the Director of People and Organisational Development and the Director of Strategic Planning, Performance and Communications 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 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 ² , Chief Officer	1-5	0	32.5-35.0	0	22	1,304	(4)
Ross Haggart, Deputy Chief Officer	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 ¹ , Director of Finance and Contactual Services	50-55	80-85	50.0-52.5	2.5-5.0	874	812	53
Mark McAteer ¹ , Director of Strategic Planning, Performance and Communications	10-12	0	42.5-45.0	0	151	114	35
Elizabeth Barnes ¹ , Director of People and Organisational Development	10-12	0	57.5-60.0	0	172	171	(1)

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 not currently available. . The 2019/20 figures included benefits arising from an expected transfer-in from the Firefighters' (England) Pension Scheme at 31 March 20 which did not proceed.

The table below shows comparative figures for 2019/20:

Name and Title	Accrued Benefits at age 60 as at 31 March 2020 Bands of £5,000		Real increase/(decrease) as at 31 March 2020 Bands of £2,500		Cash Equivalent Transfer Value		
	Pension	Lump Sum	Pension	Lump Sum	At 31 March 2020	At 31 March 2019	Real increase
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Martin Blunden ³ , Chief Officer	75-80	0	27.5-30.0	0	1,304	1,242	22
David McGown, Deputy Chief Officer (retired 1st April 2020)	95-100	0	115-117.5	0	1,560	1,411	125
Lewis Ramsay ² , Assistant Chief Officer (retired 17th October 2019)	85-90	0	(35.0)-(32.5)	0	1,453	1,436	5
Ross Haggart, Deputy Chief Officer (appointed 16th March 2020), Assistant Chief Officer (appointed 1st April 2019 to 15th March 2020)	70-75	0	525.0-527.5	0	1,022	621	373
John Dickie, Assistant Chief Officer (appointed 1st April 2019)	75-80	0	597.5-600.0	0	1,337	796	507
Paul Stewart, Assistant Chief Officer (appointed 1st September 2019)	50-55	0	42.5-45.0	0	833	770	37
Stuart Stevens, Assistant Chief Officer (appointed 16th March 2020)	30-35	0	95.0-97.5	0	436	364	56
Sarah O'Donnell ¹ , Director of Finance and Contractual Services	45-50	75-80	0.0-2.5	0	812	702	83
Mark McAteer ¹ , Director of Strategic Planning, Performance and Communications	5-10	0	0.0-2.5	0	114	76	25
Elizabeth Barnes ¹ , Director of People and Organisational Development	5-10	0	2.5-5.0	0	171	69	89

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

2 There is a real decrease in pension for this member as his accrued pension at the end of the year is less than at the start due his retiral during the year.

3 The 2019/20 figures include benefits arising from an expected transfer-in from the Firefighters' (England) Pension Scheme at 31 March 20 which did not proceed.

NOTES

- 1) The employer's contribution rate for the FPS is 29.6% of pensionable pay. The employer's contribution for those in the LGPS is 19.3% of pensionable pay in 2020/21. No change in contribution rates from 2020/21.
- 2) The Firemen's 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 17% of their salary in 2020/21.
- 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 9.9% of their salary in 2020/21.

*Exit Packages

There were no new exit packages in 2020/21 (nil in 2019/20) 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 table below shows all off-payroll engagements, or those that reached six months in duration, within 2019/20 and 2020/21 financial years, for more than £245 per day and that last for longer than six months.

	2020/21	2019/20
Number of new engagements, or those that reached six months in duration	6	6
Number of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	0	0
Number for whom assurance has been requested	6	6
Of which: assurance has been received	6	6
assurance has not been received	0	0
engagements terminated as a result of assurance not being received	0	0
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the year	0	0
Number of individuals that have been deemed "board members, and/or senior officers with significant financial responsibility" during the financial year. This figure includes both off-payroll and on-payroll engagements	0	0

* Staff Numbers and Related Costs

Details of Staff numbers and costs are shown below as well as in Note 4 of the Annual Accounts.

The average number of persons employed in the year ended 31 March 2021 was 7,834 (7,818 in previous year). Staff costs are shown in the following table:

	Year ended 31 March 2021			Year ended 31 March 2020		
	Permanent	Others	Total	Permanent	Others	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Wages and Salaries	187,696	0	187,696	185,174	0	185,174
Other Pension Costs	170,365	0	170,365	164,003	0	164,003
Social Security Costs	17,915	0	17,915	17,583	0	17,583
Sub-total	375,976	0	375,976	366,760	0	366,760
IAS19 pension costs charged to net expenditure	(1,875)	0	(1,875)	775	0	775
Other staff related costs	7,170	1,357	8,527	6,950	669	7,619
Total net costs	381,271	1,357	382,628	374,485	669	375,154

Note that the total of £1.357 million shown under "Others" for the year ended 31 March 2021, (£0.669 million for the year ended 31 March 2020) 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 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

Figures from 2019/20 can be seen for comparison:

Workforce profile as of 31 March 2020			
	TOM	Headcount	FTE
SLT	7	8	8
Wholetime 5WDS	3,021	2,930	2,930
Day Duty	401	361	360
Flexi Duty	257	265	265
Control	170	190	181
RDS	3,309	2,934	2,522
Volunteer	405	316	316
Support	795	814	749
Total	8,365	7,818	7,331

Although, through analysing our workforce data, a 6-year Strategic Resourcing Plan has been developed, the operating environment created by the Covid-19 pandemic has significantly impacted on our ability to maintain our planned resourcing schedule. Essential SFRS and Scottish Government restrictions created new and unforeseen challenges to the resourcing of external candidates. These challenges impacted on our ability to conduct medicals and train new staff. Safe systems of work have now been developed and implemented to enable key resourcing and training activities to continue despite challenges and the resourcing is ongoing.

We maintain a focus on our support staff vacancies to ensure these are progressed in a timely manner.

POD is supporting the recently established National Retained and Volunteer Leadership Forum in reviewing, streamlining and seeking local solutions to resourcing.

Currently, Retained Duty System (RDS) vacancies are advertised throughout the year, with local recruitment taking place to attract applicants. Training courses take place both locally and nationally throughout the year.

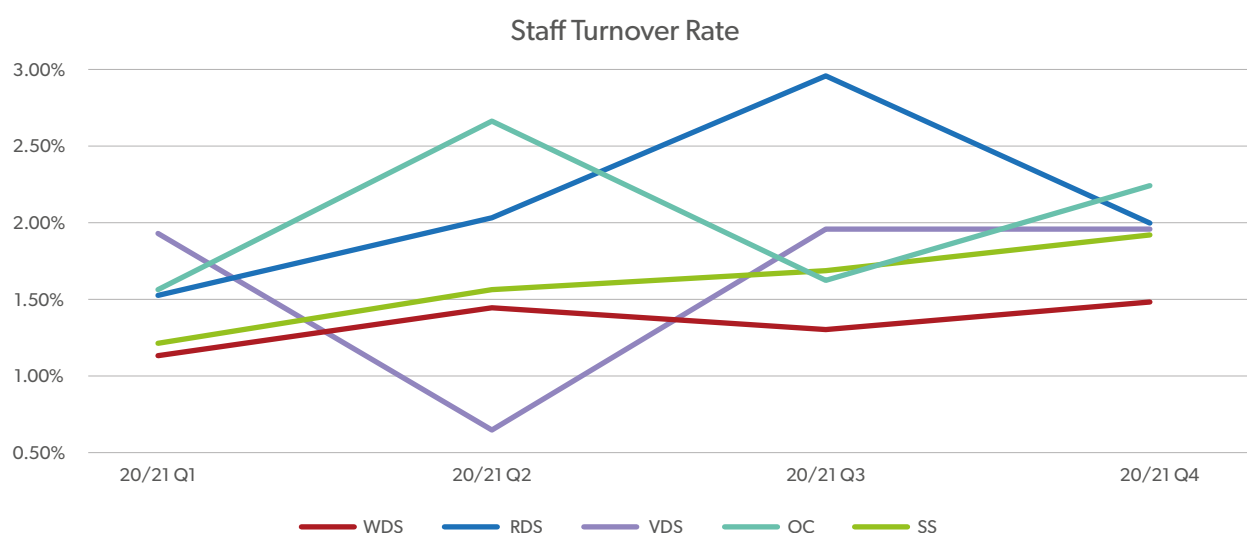
From the previous year we have increased the Rural Full Time Watch Commander posts from 36 to 54 across the three Service Delivery Areas providing flexible support to our existing RDS and Volunteer crews. These staff increase availability levels within each cluster area and provide an opportunity to develop strong and lasting links with community partners and groups.

Operations Control have been over established as part of a succession plan and therefore remain within their establishment levels. Seven from the control establishment are seconded to the Command-and-Control Futures Project, supporting the introduction of a single command and control mobilising solution.

Workforce Planning enables the schedule and weight of Wholetime Firefighter intakes to be developed to meet the requirements of the SFRS over 2020/21 and 2021/22, with the new firefighter recruitment process able to deliver sufficient candidates to match our retirement / leaver profile.

Staff Turnover

2020-2021	Wholetime (WDS)	Retained (RDS)	Volunteer (VDS)	Operations Control (OC)	Support Staff (SS)
Q1	1.16%	1.53%	1.94%	1.57%	1.22%
Q2	1.44%	2.04%	0.65%	2.66%	1.58%
Q3	1.30%	2.96%	1.97%	1.62%	1.69%
Q4	1.48%	2.02%	1.97%	2.20%	1.91%



While the COVID-19 pandemic acted as a severe disrupter to SFRS resourcing activities, the overall staff turnover rate remained fairly consistent at 1.7%. In total, 137 staff left the SFRS in Q4 of 2020/21 compared to 133 in Q4 of 2019/20.

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

Wholetime turnover levels have remained fairly stable over 2020/21. Retirement and resignations are sitting at a lower than expected position with a volume of deferred leavers due to the pensions remedy.

There are historical issues with RVDS retention. The National RVDS Leadership Forum has been established to develop

strategies to achieve improvements in RVDS employee engagement and retention.

Support Staff turnover slowed during the pandemic, however with 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, a Resourcing Recovery Group was established during the pandemic and continues to serve as a forum for ongoing engagement with stakeholders and ensure a focus is maintained on supporting resourcing activity and taking action 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, the Scottish Fire and Rescue Service is 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 particular sections and levels of our Service. The report explains the actions that SFRS are taking to ensure of 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, and women form a majority on our Board with seven females and 5 males.

The gender balance of uniformed members of our Strategic Leadership Team is five males. In terms of support staff members, there are two females and one male.

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 recognised trade unions. This commitment is demonstrated through the Working Together Framework and is supported by ongoing Recognition Agreements.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into effect on the 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 2020 – 31 March 2021 (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 2021 and the percentage of their working hours spent on union duties:

Percentage of time	Number of employees
0%	205
1-50%	19
51-99%	3
100%	8

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 2021.

	Figures
Total cost of facility time	£307,583
Total pay bill *	£212,548,815
Percentage of the total pay bill spent on facility time calculated as: (total cost of facility time ÷ total pay bill)	0.14%

* 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:

$$847,85 \div 17108 = 4.96\%$$

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)

Absence Data

The tables below provide the data on recorded absences by staff group for the two fiscal years 2019/20 and 2020/21.

Attendance rate is an important indicator for any employer. It can give an early warning of safety concerns or welfare problems. Careful management of attendance gives us the tools to step in and bring staff back to work in a reduced capacity if we can. The public sector sees good attendance ratings as important indicators that absence is being effectively managed.

The data below shows both long-term and short-term absences illustrate an overall decrease between both years. This decrease can partly be attributed to a review of the Attendance Management Policy and supporting procedures that took place in early 2020. This, along with the promotion of the Mental Health Strategy, the Wellbeing Group and the HR Business Partners briefing sessions for managers, saw a

number of long-term absence cases ended as staff members successfully returned to duties.

The reporting period covered lockdown, where there was less exposure to common seasonal ailments. This has also contributed to the decreases shown.

To ensure the safety and welfare of employees, the POD directorate maintains a key focus on absence management within the organisation. This is achieved by monitoring and providing quarterly absence reports to stakeholders, which enables more effective people management and application of policies and procedures.

Further investment in employee wellbeing has continued with the provision of a 24/7 counselling service and post-incident support services.

Long-term Absence

2019-2020					
Staff Group	Q1	Q2	Q3	Q4	Overall
Wholetime	86	68	58	57	269
Retained	82	103	101	106	392
Volunteer	5	5	2	1	13
Control	6	7	9	8	30
Support	18	27	32	23	100
Total	197	210	202	195	804

2020-2021					
Staff Group	Q1	Q2	Q3	Q4	Overall
Wholetime	70	51	59	43	223
Retained	78	67	72	93	310
Volunteer	2	3	2	0	7
Control	9	9	7	5	30
Support	28	22	20	20	90
Total	187	152	160	161	660

Short-term Absence

2019-2020					
Staff Group	Q1	Q2	Q3	Q4	Overall
Wholetime	607	732	786	801	2926
Retained	251	263	368	404	1286
Volunteer	1	3	1	4	9
Control	57	70	87	83	298
Support	135	163	199	184	681
Total	1052	1231	1441	1476	5200

2020-2021					
Staff Group	Q1	Q2	Q3	Q4	Overall
Wholetime	518	616	590	561	2285
Retained	219	243	216	238	916
Volunteer	4	0	3	5	12
Control	54	74	62	59	249
Support	88	100	100	91	379
Total	883	1033	971	954	3841

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.

During this reporting period, Covid-19 has heavily influenced this area. We have worked continually to safeguard our staff as far as practicable. A suite of risk control documents was developed and implemented to support the safe occupation of SFRS workplaces.

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. This reporting year, we have received 352 Covid-19 reporting notifications. 57 of these cases determined there was reasonable evidence to suggest that the transmission may have been work related and subsequently reported to the Health and Safety Executive.

Work is ongoing to ensure that our safety measures reflect changing UK and Scottish government guidance. Our Health and Safety team have introduced additional support for our staff through new engagement support processes.

The need to deliver many critical business activities during the pandemic has resulted in a requirement to systematically consider the required activities and undertake an evaluation of the risk. Without this process the risk would be undefined and arguably uncontrolled, examples of critical activities include recruitment, IFE examinations and training to support the safe delivery of critical activities. Our Health and Safety Team have supported the development of specific risk assessment and safe systems of work.

Ensuring we meet our legal health and safety duties has remained a focus throughout the period. The completion of annual health and safety improvement plans has increased by 12% from the previous year.

Our bespoke Health and Safety Management Information System (HSMIS) was launched during this period, with development of further modules ongoing. The HSMIS supports us in monitoring, measuring and implementing our health and safety arrangements in accordance with all statutory duties placed upon the Service.

The system will strengthen our Health and Safety arrangements by allowing us to interrogate our safety performance locally as and when required. The system will produce bespoke, detailed performance reports for the SFRS which will identify targeted actions and monitor improvements.

Equality, Human Rights and Inclusion

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. It is anticipated that 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*** were 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 and implemented remotely across the Service and not the responsibility of a single team.

Providing support to colleagues through 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 helps support individual responsibility for the equality agenda.

Visual cues for highlighting the importance of equality, diversity, inclusion and human rights has 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 and a Women's Network are currently operating, with a Neurodiversity Network due to be launched in May 2021.

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.

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, 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, and that women form a majority on our Board.

Accountable Officer:

Martin Blunden
Chief Officer

Organisation:

Scottish Fire and
Rescue Service
15 December 2021

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 2021 under the Police and Fire Reform (Scotland) Act 2012. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, the Statement of Changes in Taxpayers Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 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 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 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 of 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 5 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.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the [Audit Scotland website](#), 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 deemed inappropriate.

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 economic 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, prepayments and invoices received 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 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 to detect material misstatements in the financial statements in respect of irregularities, 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.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory 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 statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or our knowledge obtained in 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 statutory 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 statutory 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

15 December 2021





ANNUAL ACCOUNTS

In this section of the report we set out:

- Statement of Comprehensive Net Expenditure for the year ended 31 March 2021 93
- Statement of Financial Position as at 31 March 2021 94
- Statement of Cash Flows for the year ended 31 March 2021 95
- Statement of Changes in Taxpayers Equity for year ended 31 March 2021 96
- Notes to the Accounts 97



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

	Note	Year ended 31 March 2021	Year ended 31 March 2020
		£000s	£000s
Expenditure			
Staff costs	4	382,628	375,154
Depreciation and Impairment	24	24,500	35,189
Other Operating Charges	3	48,946	48,103
		456,074	458,446
Income			
Income from activities	6	(41)	(257)
Other Income	7	(166,901)	(160,497)
		(166,942)	(160,754)
Net Expenditure from Operating Activities		289,132	297,692
Interest payable	8a	2,428	2,624
Interest receivable	8b	(27)	0
Net loss on disposal of Property, Plant and Equipment	26	(36)	3
Net interest cost of IAS19 assets and liabilities	13b	81,938	114,251
		84,303	116,878
Net Expenditure after Interest		373,435	414,570
Taxation	11	1	1
Net Expenditure after Taxation		373,436	414,571
Other Comprehensive Income and Expenditure (these items will not be reclassified to net expenditure)			
Actuarial loss on IAS19 Pension disclosures	13b	274,014	477,417
Net gain on revaluation of Property, Plant and Equipment	24	(10,804)	(10,677)
Comprehensive Net Expenditure before Grant from the Scottish Government		636,646	881,311

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	As at 31 March 2021	As at 31 March 2020
		£000s	£000s
ASSETS - Non-current assets			
Property, Plant and Equipment	24	527,444	502,023
Heritage Assets	24	1,045	933
Intangible Assets	24	293	386
Long-term debtors	20	1,104	1,488
Total non-current assets		529,886	504,830
Current assets			
Assets classified as held for sale	25	1,086	1,700
Inventories	21	6,151	7,440
Trade and other receivables	9	12,627	9,191
Cash and cash equivalents	12	522	464
Total current assets		20,386	18,795
Total assets		550,272	523,625
LIABILITIES - Current liabilities			
Trade and other payables	10	32,434	30,539
Current Tax Payable	11	1	1
Short-term provisions	16	1,834	1,547
Short-term borrowing	23	3,677	3,075
Total current liabilities		37,946	35,162
Total assets less current liabilities		512,326	488,463
Non-current liabilities			
Long-term borrowing	23	43,094	46,162
Long-term provisions	16	0	0
Deferred Income	31	1,843	319
Other long-term liabilities (Pensions)	13b	4,816,182	4,471,005
Other long-term liabilities (Injury Benefits)	13b	81,962	73,062
Total non-current liabilities		4,943,081	4,590,548
Total assets less liabilities		(4,430,755)	(4,102,085)
Taxpayers equity			
General Reserve		321,300	306,043
Revaluation Reserve		146,089	135,939
Pensions Reserve	13b	(4,898,144)	(4,544,067)
Total Taxpayers Equity		(4,430,755)	(4,102,085)

Martin Blunden
Chief Officer and Accountable Officer

The Accountable Officer authorised these
Annual Accounts for issue on 15 December 2021.
The notes on pages 97 to 150 form part of these Accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	Year ended 31 March 2021	Year ended 31 March 2020
		£000s	£000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Net expenditure from operating activities		(289,132)	(297,693)
Adjustments for non-cash transactions			
IAS19 Pensions	4, 13b	(1,875)	775
Depreciation and Impairments	24	24,500	35,189
Corporation Tax	11	(1)	(1)
Movements in working capital			
Increase in trade and other receivables	9	(3,437)	(535)
Decrease / (Increase) in inventories	21	1,289	(3,142)
Decrease in long term debtors	20	384	361
Increase / (Decrease) in trade and other payables	10	1,895	(1,217)
Increase / (Decrease) in provisions	16	288	(1,162)
Increase in deferred income	31	1,523	319
Net cash outflow from operating activities		(264,566)	(267,106)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, equipment and intangible assets	24	(39,241)	(32,728)
Proceeds of disposals of property, plant and equipment	26	754	60
Net cash outflow from investing activities		(38,487)	(32,668)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant in Aid from the Scottish Government	19	307,976	305,716
Repayment of borrowing	23	(2,465)	(3,194)
Bank interest paid	8a	(2,428)	(2,624)
Bank interest received	8b	28	0
Net cash inflow from financing activities		303,111	299,898
Net Increase/(Decrease) in cash and cash equivalents		58	124
Cash and cash equivalents at beginning of the period	12	464	340
Cash and cash equivalents at end of the period	12	522	464
Increase in cash for the year		58	124

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

	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)

	Note	General Fund	Revaluation Reserve	Pensions Reserve	Total
		£000s	£000s	£000s	£000s
Balance at 1 April 2019		296,312	128,823	(3,951,624)	(3,526,489)
Net Expenditure after taxation		(414,572)	0	0	(414,572)
IAS19 Pensions Remeasurement Gains	13b	0	0	(477,417)	(477,417)
Revaluations debited to the Revaluation Reserve	24	0	10,677	0	10,677
Total Comprehensive Net (Income) / Expenditure		(414,572)	10,677	(477,417)	(881,312)
Transfer of pensions transactions to the Pensions Reserve	13b	115,026	0	(115,026)	0
Grant in Aid from the Scottish Government	19	305,716	0	0	305,716
Other Reserve Movement	30	3,561	(3,561)	0	0
Balance at 31 March 2020		306,043	135,939	(4,544,067)	(4,102,085)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

These Annual Accounts have been prepared in accordance with the 2020/21 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 effective in the current year

In the current year, the Board has applied a number of amendments to IFRS Standards and Interpretations that

are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these Annual Accounts:

- Amendments to References to the Conceptual Framework in IFRS Standards.
- **Amendment to IFRS 9:** Applying IFRS 9 with IFRS 4.
- **Amendment to IFRS 3:** Definition of a Business.
- **Amendments to IAS 1 and IAS 8:** Definition of Material.
- **Amendments to IAS 39, IFRS 4, IFRS 7 and IFRS 9:** Interest Rate Benchmark Reform (Phase 1).
- Annual Improvements to IFRS Standards 2015-2017 Cycle.

b. Standards, amendments and interpretations early adopted this year

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

c. 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 have agreed to defer implementation until 1 April 2022.
- **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.

- **Amendments to IAS 39, IFRS 4, IFRS 7 and IFRS 9:** Interest Rate Benchmark Reform (Phase 2). Applicable for periods beginning on or after 1 January 2021.
- **Annual Improvements to IFRS Standards 2018-2020 Cycle.** 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 (FRM) 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 FRM 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 2020/21 figures is expected to add a "right of use"

asset (with corresponding lease liability) to the SoFP of approximately £3.4 million. The SoCNE will also include associated depreciation and interest costs of approximately £0.5 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 2020 and ended on 31 March 2021.

Going Concern

The Resource Budget for the financial year ended 31 March 2022 has been approved by the Scottish Government and is considered adequate to allow the SFRS to meet its liabilities in the foreseeable future. The impact of Covid-19 and Brexit will be reviewed throughout the year to monitor their effects on the Service and its finances and adjustments will be made to budgets as required.

These Annual Accounts have therefore been produced on a going concern basis. To the extent that the pension deficits are not met from SFRS sources of income it may only be met by future Grant in Aid from the sponsoring department, the Safer Communities Division. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

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 the Notes 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 2021, the SFRS participates in four pension schemes: The Local Government Pension Scheme (Scotland) for support staff, the Firefighter's Pension Scheme 1992, New Firefighters Pension Scheme 2006 and the Fire 2015 Scheme for Wholetime/Retained uniformed personnel. For the year ended 31 March 2021, 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.

- **Firefighter's 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 have transferred to this scheme, or will transfer, between now and 2022 depending on their individual circumstances. The remaining group of firefighters will remain in their existing schemes.

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 the Notes 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 2021. 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 2021.

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 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 2021, 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 as follows:

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) and the SFRS is not therefore

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 Notes to the Accounts contain details of material events where their conditions did not exist as at 31 March.

There are no significant events affecting the SFRS which have occurred since the end of the financial year. Future developments have been included in the Performance Report (pages 3 to 53).

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 item 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 2020 to 31 March 2021.	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 £146.089 million before this would result in any charge to the Statement of Comprehensive Net Expenditure Statement.
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 £98.567 million. An increase of 0.1% in the salary rate and the pension rate would increase the liability by £15.376 million and £78.305 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 2021 is £409.632 million. Please refer to Note 24 Non-Current Assets for further details.

3. OTHER OPERATING CHARGES

	Year ended 31 March 2021	Year ended 31 March 2020
	£000s	£000s
Property Costs	24,582	23,688
Supplies and Services	18,577	16,910
Transport Costs	5,678	7,371
External Auditor (fee for audit of Annual Accounts)	106	104
Transport Costs - Members	3	30
Total	48,946	48,103

4. STAFF NUMBERS AND RELATED COSTS

The average number of persons employed in the year ended 31 March 2021 was 7,834 (7,818 in 2019/20). Staff costs are shown in the following table:

	Year ended 31 March 2021			Year ended 31 March 2020		
	Permanent	Others	Total	Permanent	Others	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Wages and Salaries	187,696	0	187,696	185,174	0	185,174
Other Pension Costs	170,365	0	170,365	164,003	0	164,003
Social Security Costs	17,915	0	17,915	17,583	0	17,583
Sub-total	375,976	0	375,976	366,760	0	366,760
IAS19 pension costs charged to net expenditure	(1,875)	0	(1,875)	775	0	775
Other staff related costs	7,170	1,357	8,527	6,950	669	7,619
Total net costs	381,271	1,357	382,628	374,486	669	375,154

Note that the total of £1.357 million shown under "Others" for the year ended 31 March 2021, (£0.669 million for the year ended 31 March 2020) represents the costs of staff employed on temporary contracts through employment agencies.

5. RECONCILIATION OF NET RESOURCE EXPENDITURE

	Year ended 31 March 2021	Year ended 31 March 2020
	£000s	£000s
Staff costs	219,067	214,987
Other Operating Charges	50,404	51,272
Total Expenditure	269,471	266,259
Income	(848)	(938)
(Gain) / Loss on sale of assets	(36)	3
Net Expenditure for the year	268,587	265,324
Reconciliation to Annual Accounts:		
Less:		
Impairments and Revaluations charged to the Revaluation Reserve	(10,804)	(10,677)
Net Projects not included in Resource budgets	0	(24)
Net Pensions Account	(2)	(17)
Add:		
Remeasurement loss on Pension Schemes	274,014	477,417
Pensions Interest adjustment	80,063	115,026
Depreciation and Impairment	24,500	35,189
Movement in Provisions	287	(928)
Corporation Tax	1	1
Statement of Comprehensive Net Expenditure	636,646	881,311

6. INCOME FROM ACTIVITIES

	Year ended 31 March 2021 £000s	Year ended 31 March 2020 £000s
Fees and Charges	(41)	(235)
Training Course Income	0	(22)
Total	(41)	(257)

Income from activities is recovered on a full cost recovery basis.

7. OTHER INCOME

	Year ended 31 March 2021 £000s	Year ended 31 March 2020 £000s
Pensions	(165,350)	(158,873)
Seconded Officers	(525)	(655)
External Funding Grants	(622)	(575)
Other Property Income	(404)	(394)
Total	(166,901)	(160,497)

8A. INTEREST PAYABLE

	Year ended 31 March 2021 £000s	Year ended 31 March 2020 £000s
Interest Payable on Outstanding Debt	2,428	2,624
Total	2,428	2,624

8B. INTEREST RECEIVABLE

	Year ended 31 March 2021 £000s	Year ended 31 March 2020 £000s
Interest Receivable	27	0
Total	27	0

The SFRS inherited a deposit made with an Icelandic bank prior to its collapse in October 2008. This represents a payment due to the SFRS following successful recovery of funds by the bank's administrators.

9. TRADE AND OTHER RECEIVABLES

Analysis by Type

Amounts falling due within one year	As at 31 March 2021	As at 31 March 2020
	£000s	£000s
Trade Receivables	532	523
Other Receivables	7,550	6,264
Prepayments	2,541	1,777
Accrued Income	2,004	627
Total	12,627	9,191

Trade Receivables includes an estimate of £0.006 million (£0.006 million in 2019/20) for credit losses arising during 2020/21. There are no contracted receivables.

Analysis by Organisation

Amounts falling due within one year	As at 31 March 2021	As at 31 March 2020
	£000s	£000s
Central Government Bodies	8,291	6,254
Other Local Authorities	271	110
Public Corporations	6	1
Other Entities and Individuals	4,059	2,826
Total	12,627	9,191

Included within the figure of £8.291 million for Central Government Bodies as at 31 March 2021 was a balance of £0.960 million relating to Firefighters' Pensions (£0.530 million in 2019/20). Further analysis is shown in Note 29.

10. TRADE AND OTHER PAYABLES

Analysis by Type

Amounts falling due within one year	As at 31 March 2021	As at 31 March 2020
	£000s	£000s
Accruals	21,420	15,495
Deferred Income	159	185
Trade and Other Payables	6,099	9,801
Other Taxation and Social Security	4,756	5,058
Total	32,434	30,539

Analysis by Organisation

Amounts falling due within one year	As at 31 March 2021	As at 31 March 2020
	£000s	£000s
Bodies External to Government	21,147	20,715
Central Government Bodies	7,128	6,276
Accumulated Absences	3,508	2,815
Local Authorities	373	230
Public Corporations	278	503
Total	32,434	30,539

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 2020/21 from the sale of properties. £0.001 million is payable to HMRC for the year ended 31 March 2021 (£0.001 million in 2019/20).

12. CASH AND CASH EQUIVALENTS

	As at 31 March 2021	As at 31 March 2020
	£000s	£000s
Government Banking System bank account	522	464
Total	522	464

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 2019/20 was between 17.0% and 23.0% of the employees' pensionable pay and has been set at rates between 17.0% and 22.7% in 2020/21, depending on which local authority the employee's pension is held with. 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 firefighter's 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, or will transfer, between now and 2022 depending on their circumstances. The remaining group of firefighters will remain in their existing schemes.
- 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 2021, 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 2021 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 2020/21 are based on the results of this recent formal valuation.

The Firefighter's Pension Schemes liability as at 31 March 2021 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 Firefighter's Pension Schemes liability as at 31 March 2021 without completing a full valuation, the actuaries are satisfied that the approach of rolling forward the previous valuation data to 31 March 2021 will not materially distort results, providing actual experience is in line with underlying assumptions.

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		Firefighter's Schemes		Injury Benefits	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Mortality assumptions:						
Longevity at 60 for current pensioners						
Men	-	-	24.9	24.8	24.9	24.8
Women	-	-	24.4	24.3	24.4	24.3
Longevity at 60 for future pensioners						
Men	-	-	26.7	26.6	26.7	26.6
Women	-	-	26.2	26.1	26.2	26.1
Longevity at 65 for current pensioners						
Men	18.9-21.5	19.7-21.7	20.2	20.1	20.2	20.1
Women	22.2-24.2	21.7-24.3	19.7	19.7	19.7	19.7
Longevity at 65 for future pensioners						
Men	20.2-23.1	21.4-24.7	21.8	21.8	21.8	21.8
Women	23.8-26.3	23.5-27.5	21.4	21.3	21.4	21.3
Rate of inflation (RPI)	3.20%-3.35%	2.7%-2.9%				
Rate of inflation (CPI)	2.7%-2.85%	1.9%-2.1%	2.22%	2.35%	2.22%	2.35%
Rate of increase in salaries	3.35%-4.2%	2.3%-3.6%	3.72%	4.1%	3.72%	4.1%
Rate of increase in pensions	2.8%-2.85%	1.9%-2.2%	2.22%	2.35%	2.22%	2.35%
Rate for discounting scheme liabilities	2.0%-2.1%	2.3%-2.35%	1.25%	1.8%	1.25%	1.8%

In year ended 31 March 2021, 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 (2020) 12 Revised, dated 18 December 2020 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 5% 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) for durations up to 8 years and from 12 years onwards use a gilts curve plus a long-term average credit spread of 0.9% p.a. Interpolation between the two approaches is used for durations between 8 and 12 years. This actuary measured 86% 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 8% 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 approach has changed from the spot rate approach adopted at the previous accounting date to reflect national auditor preferences.
- 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 2021		31 March 2020	
	Change in Employer Liability *	Approximate Monetary amount	Change in Employer Liability *	Approximate Monetary amount
	(%)	£000s	(%)	£000s
0.1% increase in real discount rate	1.8%-2.2%	98,567	1.9%-2.2%	90,864
1-year increase in member life expectancy	3.0%-4.9%	169,762	2.7%-4.3%	79,427
0.1% increase in salary rate	0.2%-0.4%	15,376	0.3%-0.4%	14,393
0.1% increase in pensions increase rate (CPI)	1.5%-2.0%	78,305	1.7%-3.5%	160,466

* 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	LGPS Year ended 31 March 2021	Combined FPS Year ended 31 March 2021	Injury Benefits Year ended 31 March 2021	LGPS Year ended 31 March 2020	Combined FPS Year ended 31 March 2020	Injury Benefits Year ended 31 March 2020
	£000s	£000s	£000s	£000s	£000s	£000s
Current service costs	10,362	115,600	2,300	12,040	103,700	2,100
Past service costs / (gains)	24	0	0	(1,359)	8,800	0
Losses / (gains) on curtailments and settlements	0	0	0	0	0	0
Admin Expenses	16	0	0	14	0	0
Total Service cost	10,402	115,600	2,300	10,695	112,500	2,100
Employer contribution	(6,177)	(121,800)	(2,200)	(5,820)	(116,700)	(2,000)
Deducted from/(Added to) Staff Costs	4,225	(6,200)	100	4,875	(4,200)	100
Net Interest Cost *	938	79,700	1,300	1,451	110,700	2,100
Impact on Net Expenditure after Interest	5,163	73,500	1,400	6,326	106,500	2,200
Remeasurements recognised in Other Comprehensive Income						
Actuarial losses / (gains)	14,514	252,000	7,500	(25,083)	502,600	(100)

* 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 2021	Year ended 31 March 2020
	£000s	£000s
Net Interest Cost		
LGPS	938	1,451
Combined FPS	79,700	110,700
Injury Benefits	1,300	2,100
Total Net Interest Cost	81,938	114,251
Actuarial Losses / (Gains)		
LGPS	14,514	(25,083)
Combined FPS	252,000	502,600
Injury Benefits	7,500	(100)
Total Actuarial Losses / (Gains)	274,014	477,417

The table above reflects a significant change from the 2019/20 position with an improvement in the actuarial loss of £477,417 million in 2019/20 which has reduced to £274,014 million in 2020/21.

The main reason for the improvement in Combined FPS Scheme is due to a change in the financial assumptions used in comparison to the previous year. There has been a decrease in the nominal discount rate from 1.80% p.a. to 1.25% p.a., which has increased the liabilities, however, the decrease in the assumed rate of pension increases from 2.35% p.a. to 2.22% p.a. and the decrease in the assumed rate general pay increases

from 4.10% p.a. to 3.72% p.a., both of which decrease the liabilities and partially offset the increase noted above.

With regards the LGPS the Statement of Financial Position is based on the new 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 £329,610 million in 2020/21 compared to £266,067 million in 2019/20, see table 13(d) below). There has been a decrease in the nominal discount rate from 2.3-2.35% p.a. to 2.0-2.1% p.a., which has increased the liabilities.

Statement of Financial Position

IAS19 requires the SFRS to account for pension liabilities of £4.898 billion as at 31 March 2021, (£4.544 billion in 2019/20) as valued by the actuaries mentioned above.

	As at 31 March 2021	As at 31 March 2020
	£000s	£000s
Present value of liabilities:		
- Local Government Pension Scheme	(388,499)	(305,279)
- Firefighters Pension Schemes	(4,757,293)	(4,431,793)
- Injury Benefits	(81,962)	(73,062)
Fair value of assets in the Local Government Pension Scheme	329,610	266,067
Total	(4,898,144)	(4,544,067)
Deficit in the scheme:		
- Local Government Pension Scheme	(58,889)	(39,212)
- Firefighters Pension Schemes	(4,757,293)	(4,431,793)
Sub-total	(4,816,182)	(4,471,005)
- Injury Benefits	(81,962)	(73,062)
Total	(4,898,144)	(4,544,067)

The liabilities as at 31 March 2021 show the underlying commitments that the SFRS has in the long-run to pay retirement benefits. The total liability of £4.898 billion has a substantial impact on the net worth of the SFRS as recorded in the SoFP, resulting in a negative overall balance of £4.431 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 2022, based on current membership in the year ended 31 March 2021, is £5.877 million.
- Finance is only required to be raised to cover firefighters' pensions and injury benefits when the payments are actually made. GAD have calculated that the expected future contributions to be made year ending 31 March 2022 (based on current membership in the year ended 31 March 2021 with an allowance for the McCloud\Sargeant case) will be 95.7% of pensionable salaries for the Firefighters Pension Schemes and 1.7% of pensionable salaries for injury benefits. Under recent arrangements, Firefighters' Pensions are funded by the Scottish Government.

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

	LGPS Years		Firefighter Scheme's Years		Injury Benefits Years	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Weighted average duration of the defined benefit obligation	20.1	20.8	20.0	20.0	20.0	20.0

(c) Asset and Defined Benefit Obligation Reconciliation

Reconciliation of opening and closing deficit	LGPS Year ended 31 March 2021	Combined FPS Year ended 31 March 2021	Injury Benefits Year ended 31 March 2021	LGPS Year ended 31 March 2020	Combined FPS Year ended 31 March 2020	Injury Benefits Year ended 31 March 2020
	£000s	£000s	£000s	£000s	£000s	£000s
Deficit at beginning of year	(39,212)	(4,431,793)	(73,062)	(57,969)	(3,822,693)	(70,962)
Current Service Cost	(10,362)	(115,600)	(2,300)	(12,040)	(103,700)	(2,100)
Employer Contributions	6,177	121,800	2,200	5,820	116,700	2,000
Past Service Costs	(24)	0	0	1,359	(8,800)	0
Curtailments / Settlements	0	0	0	0	0	0
Admin Expenses	(16)	0	0	(14)	0	0
Net Interest Cost	(938)	(79,700)	(1,300)	(1,451)	(110,700)	(2,100)
Actuarial gains / (losses)	(14,514)	(252,000)	(7,500)	25,083	(502,600)	100
Deficit at end of year	(58,889)	(4,757,293)	(81,962)	(39,212)	(4,431,793)	(73,062)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	LGPS Year ended 31 March 2021	Combined FPS Year ended 31 March 2021	Injury Benefits Year ended 31 March 2021	LGPS Year ended 31 March 2020	Combined FPS Year ended 31 March 2020	Injury Benefits Year ended 31 March 2020
	£000s	£000s	£000s	£000s	£000s	£000s
Opening Defined Benefit Obligation	(305,279)	(4,431,793)	(73,062)	(334,497)	(3,822,693)	(70,962)
Current Service Cost	(10,362)	(115,600)	(2,300)	(12,040)	(103,700)	(2,100)
Interest Cost	(7,079)	(79,700)	(1,300)	(8,129)	(110,700)	(2,100)
Member Contributions	(1,882)	0	0	(1,790)	0	0
Curtailments / Settlements	0	0	0	0	0	0
Past Service Costs	(24)	0	0	1,359	(8,800)	0
Transfers In from Other Authorities	0	(1,300)	0	0	(1,300)	0
Transfers Out to Other Authorities	0	1,400	0	0	0	0
Estimated Benefits paid	6,971	121,700	2,200	6,002	118,000	2,000
Actuarial gains / (losses)	(70,843)	(252,000)	(7,500)	43,816	(502,600)	100
Closing Defined Benefit Obligation	(388,498)	(4,757,293)	(81,962)	(305,279)	(4,431,793)	(73,062)

Reconciliation of opening and closing balances of the fair value of Scheme assets	LGPS Year ended 31 March 2021	LGPS Year ended 31 March 2020
	£000s	£000s
Opening fair value of Scheme assets	266,067	276,528
Expected return on Scheme assets	6,142	6,678
Member Contributions	1,882	1,790
Curtailments / Settlements	0	0
Employer Contributions	6,177	5,820
Admin Expenses	(16)	(14)
Estimated Benefits paid	(6,971)	(6,002)
Actuarial (losses) / gains	56,329	(18,733)
Fair value of Scheme assets at end of year	329,610	266,067

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 2021			Year ended 31 March 2020		
	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	24,261	0	24,261	18,918	24	18,942
Manufacturing	20,837	78	20,915	15,990	21	16,011
Energy and Utilities	5,798	28	5,826	6,021	0	6,021
Financial Institutions	15,837	0	15,837	13,566	0	13,566
Health and Care	11,341	71	11,412	9,040	35	9,075
Information Technology	15,957	0	15,957	10,244	1	10,245
Other	25,417	0	25,417	18,567	0	18,567
Sub-total	119,448	177	119,625	92,346	81	92,427
Debt Securities						
Corporate Bonds	3,901	313	4,214	8,055	1,884	9,939
UK Government Bonds	4,869	656	5,525	3,632	713	4,345
Other	624	2	626	694	532	1,226
Sub-total	9,394	971	10,365	12,381	3,129	15,510
Private Equity	0	39,204	39,204	0	17,738	17,738
Property	5,453	18,393	23,846	5,634	16,949	22,583
Investment Funds and Unit Trusts						
Equities	24,512	58,551	83,063	55,273	5,383	60,656
Bonds	8,166	22,300	30,466	11,188	9,621	20,809
Commodities	0	70	70	67	0	67
Infrastructure	528	2,123	2,651	485	7,808	8,293
Other	2,785	5,186	7,971	2,352	4,306	6,658
Sub-total	35,991	88,230	124,221	69,365	27,118	96,483
Derivatives						
Foreign Exchange	60	0	60	87	0	87
Other	30	0	30	3	0	3
Sub-total	90	0	90	90	0	90
Cash and Cash Equivalents	12,146	113	12,259	14,611	6,625	21,236
Total	182,522	147,088	329,610	194,427	71,640	266,067

(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 2021 can be analysed into the following categories, measured as a percentage of assets or liabilities and amounts as at 31 March 2021:

	Year ended 31 March 2021			Year ended 31 March 2020		
	LGPS	FPS	Injury Benefits	LGPS	FPS	Injury Benefits
	£000s	£000s	£000s	£000s	£000s	£000s
Actual return less expected return on pension scheme assets	56,329	0	0	(18,733)	0	0
Changes in assumptions underlying the present value of the scheme liabilities	(70,843)	(252,000)	(7,500)	43,816	(502,600)	100
Actuarial (losses) / gains in pension scheme	(14,514)	(252,000)	(7,500)	25,083	(502,600)	100
Actuarial (losses) / gains recognised in Statement of Changes in Taxpayers Equity	(14,514)	(252,000)	(7,500)	25,083	(502,600)	100

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 2021	Year ended 31 March 2020
	£000s	£000s
Not later than one year	376	327
Later than one year but not later than 5 years	656	456
Later than 5 years	965	965
Total	1,997	1,748

The total charged to the SoCNE in the year ended 31 March 2021 for leases relating to Land and Buildings was £0.318 million (£0.353 million in 19/2020). 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 2021	Year ended 31 March 2020
	£000s	£000s
Not later than one year	61	88
Later than one year but not later than 5 years	23	26
Total	84	114

The total charged to the SoCNE in the year ended 31 March 2021 for car leases was £0.143 million (£0.244 million 2019/20).

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 2021. Rents receivable in the year ended 31 March 2021 totalled £0.405 million (£0.394 million in 2019/20). Included within rent receivable for 2020/21 was £0.282m in relation to contingent rents, being recharge of utility costs for a number of the leased premises.

During 2020/21 there were 35 different lease agreements in place with 13 different organisations. Of the 35 lease agreements, 29 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 2021. 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 restructuring costs, and are based on the latest information on likely liabilities available at this time.

	Provisions less than one year				Provisions over one year			Total
	Insurance	Public & Employee Liability Exposure	Other related liabilities	Sub-total	Insurance	Other related liabilities	Sub-total	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Balance as at 1 April 2019	459	874	458	1,791	917	0	917	2,708
Additional provisions made year ended 31 March 2020	0	732	0	732	0	0	0	732
Amounts used year ended 31 March 2020	0	0	(218)	(218)	0	0	0	(218)
Unused amounts reversed in year ended 31 March 2020	(459)	(299)	0	(758)	(917)	0	(917)	(1,675)
Transfer from / (to) Long Term Provisions	0	0	0	0	0	0	0	0
Balance as at 31 March 2020	0	1,307	240	1,547	0	0	0	1,547
Additional provisions made year ended 31 March 2021	0	338	0	287	0	0	0	287
Amounts used year ended 31 March 2021	0	0	0	0	0	0	0	0
Unused amounts reversed in year ended 31 March 2021	0	(51)	0	0	0	0	0	0
Transfer from / (to) Long Term Provisions	0	0	0	0	0	0	0	0
Balance as at 31 March 2021	0	1,594	240	1,834	0	0	0	1,834

17. FUTURE CAPITAL COMMITMENTS

The following table reflects commitments to capital projects for the financial year ending 31 March 2021 of £11.880 million (£11.876 million in 2019/20).

	Year ended 31 March 2021
	£000s
Property	
McDonald Road Fire Station Refurbishment (including Fire Museum)	2,700
Portlethen Training Facility	200
West Asset Resource Centre	300
Property Project Costs	300
Property Minor Works Projects	400
Energy & Environmental Projects to reduce carbon	650
Plant	
Frontline Appliances	453
Light Fleet Vehicles	39
Transition to Net Zero – Electric Car Charging Points – Phase 2	624
Transition to Net Zero – Electric Car Charging Points – Phase 3	1,451
Transition to Net Zero – Electric Cars	644
Equipment	
Operational Equipment	570
Personal Protective Equipment (PPE)	650
PC's, Laptops & Peripherals	116
ICT / Systems	
Operational Mobilisation Communications	51
Cyber Security Provision	10
People, Training, Finance & Assets System	160
Command & Control Futures Project	2,562
Total	11,880

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

	As at 31 March 2021	As at 31 March 2020
	£000s	£000s
Cash GiA received to meet operational expenditure	271,127	273,218
Cash GiA received to fund replacement capital expenditure	36,849	32,498
Total	307,976	305,716

Grant in Aid income received from the Scottish Government for the financial year ended 31 March 2021 was £307.976 million compared to a budget of £307.776 million. The variance of £0.200 million relates to working capital due to the timing of the VAT reclaim and changes in year-end creditors and accruals.

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.

	Year ended 31 March 2021	Year ended 31 March 2020
	£000s	£000s
Employee Pension Arrears repayment	1,034	1,389
Employee soft loans relating to legacy service payroll transition	70	99
Total	1,104	1,488

21. INVENTORIES

The main categories of inventory held are shown below.

	Consumables	Fuel	Total
	£000s	£000s	£000s
Balance as at 1 April 2019	3,774	524	4,298
Movement during the year	3,178	(25)	3,153
Stock written off	(11)	0	(11)
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)
Balance as at 1 April 2021	5,892	259	6,151

The movement during the year of £0.899 million includes written off stock totalling £0.140 million (£0.011 million in 2019/20).

22. RESOURCE LIMIT – OUTTURN YEAR ENDED 31 MARCH 2021

Expenditure Type	Year ended 31 March 2021			Year ended 31 March 2020
	Outturn	Budget	Variance	Variance
	£000s	£000s	£000s	£000s
Department Expenditure Limit (DEL)				
Net Resource Expenditure	268,587	270,926	(2,339)	(1,392)
Net Capital Expenditure	36,849	36,850	(1)	(2)
Total DEL expenditure	305,436	307,776	(2,340)	(1,394)
Ring-fenced DEL				
Depreciation	25,384	24,753	631	(1,719)
Total Ring-fenced DEL	25,384	24,753	631	(1,719)
Impairment	(885)	8,000	(8,885)	4,155
Provisions	287	2,000	(1,713)	(3,162)
Pension	5,163	7,000	(1,837)	(3,674)
Corporation Tax	1	1	0	0
Total AME expenditure	4,566	17,001	(12,435)	(2,681)
Total Managed Expenditure	335,386	349,530	(14,144)	(5,794)

The outturn figures above are shown on an accruals basis. The total variance of £14.144 million represents both cash and non-cash underspends in the year ended 31 March 2021; 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 Net Resource Expenditure variance for the year ended 31 March 2021 of £2.339 million relates to a combination of factors. There was an underspend in relation to employee costs of £0.918 million. Retained activity, impacted by Covid, accounted for an underspend of £1.057 million. Other uniformed staffing costs accounted for an overspend of £0.757 million, mainly due to the reprofiling of staff roster days in order to ease pressure on the 2021/22 budget. Support staff vacancies accounted for an underspend of £0.109 million. Other employee costs including subsistence, early retirement charges and adjustments for holiday pay accounted for the remaining underspend of £0.509 million. There was an underspend of £1.344 million in expenses, mainly within Transport costs relating to the impact of Covid on fuel and travel costs. In addition, income over recovered by £0.041 million and there was a gain of £0.036 million on the disposal of assets.

There was a small underspend of £0.001 million on Capital DEL, where goods were not received before the end of the financial year.

Ring Fenced DEL budget cover of £24.753 million was provided for Depreciation, with the actual requirement being £25.384 million (£0.631 million over budget). Depreciation is over budget in the year due to a change in Capital programme priorities over the past year, resulting in higher expenditure on Asset categories like Vehicles, ICT Equipment and Operational Equipment which have smaller useful lives compared to Asset categories like Buildings and Dwellings, which have much higher useful lives. The Asset categories with smaller useful lives therefore resulted in higher depreciation charges.

The AME Impairment budget of £8 million is required to cover the impairment of properties through the normal rolling programme of property valuations. The actual impairment in 2020/21 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 in 2019/20. This reduction in value for all RAAC roof properties in 2019/20 resulted in a decrease in the Revaluation Reserve. The increase in valuation of these properties in 2020/21 was offset against the prior year impairment, thus reducing the increase to the Revaluation Reserve in 2020/21. This has consequently resulted in a much lower impairment charge than anticipated in the year. The actual impairment in 2020/21 is therefore a credit balance of £0.885 million, £8.885 million lower than budget.

The variance on the AME Provisions budget of £1.713 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 budget of £7.0 million was provided to cover the impact on the SoCNE of LGPS IAS19 adjustments (see Note 13, Statement of Net Comprehensive Expenditure). The effect of these adjustments is £5.163 million, resulting in an under-utilisation of budget cover of £1.837 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 only held and transacted through Government Banking Scheme accounts and 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 2021	As at 31 March 2020
	£000s	£000s
Trade Receivables	532	523
Total	532	523

Of the £12.627 million total Trade and Other Receivables figure, £0.532 million relates to trade receivables. The SFRS does not generally allow credit for its trade receivables, and all efforts will be made to ensure that debts are paid.

The past due amount can be analysed by age as shown in the following table:

	As at 31 March 2021	As at 31 March 2020
	£000s	£000s
Less than three months	475	452
Three to six months	0	1
Six months to one year	4	3
More than one year	53	67
Total	532	523

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.

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 2021		As at 31 March 2020	
	Current	Non-Current	Current	Non-Current
	£000s	£000s	£000s	£000s
Loans direct from PWLB / National Loans Fund	2,263	28,633	1,491	30,571
Loans direct from Commercial Lenders	0	1,500	0	1,500
Loans from Scottish Local Authorities*	1,414	12,961	1,584	14,091
Loans sub-total	3,677	43,094	3,075	46,162
Trade and other payables not including non-financial liabilities	6,099	0	9,801	0
Total Financial liabilities	9,776	43,094	12,876	46,162

* 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 2020/21 of £2.465 million (£3.194 million in 2019/20).

Financial Assets by Category

Other Financial Assets	As at 31 March 2021		As at 31 March 2020	
	Current	Non-Current	Current	Non-Current
	£000s	£000s	£000s	£000s
Trade and other receivables not including non-financial assets	532	0	523	0
Cash and cash equivalents	522	0	464	0
Total Financial assets	1,054	0	987	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 2020	Financial Liabilities Other Liabilities	Financial Assets Loans and trade receivables	Total
	£000s	£000s	£000s
Interest expense	2,624	0	2,624
Impairment losses	0	0	0
Interest payable and similar charges	2,624	0	2,624
Interest income	0	0	0
Interest and investment income	0	0	0
Net loss for the year	2,624	0	2,624

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	(25)	0	(25)
Interest and investment income	(25)	0	(25)
Net loss for the year	2,403	0	2,403

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 2021		As at 31 March 2020	
	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	28,633	41,878	30,571	47,561
Loans direct from Commercial Lenders	1,500	2,917	1,500	3,383
Loans from Scottish Local Authorities	12,961	17,408	14,091	19,788
Total debt	43,094	62,203	46,162	70,732
Other financial liabilities	0	0	0	0
Total Financial liabilities	43,094	62,203	46,162	70,732

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 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

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
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

Tangible Assets as at 31 March 2020

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 2019	122,634	293,219	804	97,672	31,872	21,454	96	22,309	933	306	591,299
Additions	0	5,286	0	4,752	6,020	3,222	167	13,146	0	0	32,593
Transfers in / (out)	(1,160)	7,011	0	1,722	0	0	0	(13,196)	0	1,567	(4,056)
Disposals	0	(144)	0	(118)	0	0	0	0	0	(65)	(327)
Revaluation - Revaluation Reserve	3,377	2,544	15	0	0	0	(1)	0	0	(953)	4,982
Other movements	(85)	(3,565)	0	(1,484)	0	0	0	0	0	1,086	(4,048)
As at 31 March 2020	124,766	304,351	819	102,544	37,892	24,676	262	22,259	933	1,941	620,443
Depreciation & Impairment											
As at 1 April 2019	(846)	(21,642)	(584)	(40,429)	(17,091)	(14,646)	(5)	0	0	(140)	(95,383)
Depreciation charge for the year	0	(8,697)	(8)	(7,504)	(4,503)	(2,064)	(83)	0	0	(10)	(22,869)
Depreciation – Revaluation Reserve	0	6,653	10	0	0	0	22	0	0	778	7,463
Impairments – Revaluation Reserve	(229)	239	0	0	0	0	0	0	0	270	280
Impairments – SoCNE	(2,398)	(8,922)	(73)	0	0	0	0	0	0	(304)	(11,697)
Transfers in / (out)	252	2,202	0	1,190	0	0	0	0	0	(1,190)	2,454
Disposals	0	144	0	87	0	0	0	0	0	33	264
Other Movements	85	3,565	0	1,484	0	0	0	0	0	(1,086)	4,048
Revaluation decrement – Rev Reserve	0	(2,048)	0	0	0	0	0	0	0	0	(2,048)
As at 31 March 2020	(3,136)	(28,506)	(655)	(45,172)	(21,594)	(16,710)	(66)	0	0	(1,649)	(117,488)
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
Net Book Value as at 31 March 2019	121,788	271,577	220	57,243	14,781	6,808	91	22,309	933	166	495,916

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
Owned	121,558	275,845	164	57,201	16,130	7,966	197	22,259	933	292	502,545
Finance Leased	72	0	0	0	0	0	0	0	0	0	72
Donated	0	0	0	171	168	0	0	0	0	0	339
Carrying amount as at 31 March 2020	121,630	275,845	164	57,372	16,298	7,966	197	22,259	933	292	502,956

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:

	2020/21		2019/20	
		SoCNE		SoCNE
	£000s	£000s	£000s	£000s
Depreciation charge in the year - Tangible Assets	25,175	-	22,869	-
Depreciation charge in the year - Intangible Assets	210	-	165	-
Impairments – SoCNE – Tangible Assets	(950)	-	11,697	-
Impairments – SoCNE - Assets held for Sale	65	-	458	-
Depreciation and Impairment	-	24,500	-	35,189
Total Depreciation and Impairment	24,500	24,500	35,189	35,189

Note 3:

The Revaluation Gain figure shown in the SoCNE comes from the following figures in the tables above:

	2020/21		2019/20	
		SoCNE		SoCNE
	£000s	£000s	£000s	£000s
Revaluation – Revaluation Reserve – Tangible Assets	(8,587)	-	4,982	-
Revaluation – Revaluation Reserve – Assets held for Sale	7	-	20	-
Depreciation – Revaluation Reserve – Tangible Assets	10,188	-	7,463	-
Impairments - Revaluation Reserve – Intangible Assets	-	-	-	-
Impairments – Revaluation Reserve – Tangible Assets	10,281	-	280	-
Impairments – Revaluation Reserve – Assets held for Sale	-	-	(20)	-
Revaluation decrement – Revaluation Reserve – Tangible Assets	(1,085)	-	(2,048)	-
Revaluation Gain	-	10,804	-	10,677
Total Revaluation Gain	10,804	10,804	10,677	10,677

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

Intangible Assets as at 31 March 2020

Intangible Assets	Software	Total
	£000s	£000s
Cost or valuation		
As at 1 April 2019	4,289	4,289
Additions	135	135
As at 31 March 2020	4,424	4,424
Depreciation and Impairment		
As at 1 April 2019	(3,873)	(3,873)
Depreciation charge for the year	(165)	(165)
As at 31 March 2020	(4,038)	(4,038)
Net Book Value as at 31 March 2020	386	386
Net Book Value as at 31 March 2019	416	416
Asset Financing		
Owned	386	386
Carrying amount as at 31 March 2020	386	386

25. 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

Assets held for sale as at 31 March 2020

Assets Held for Sale	Non Operational Assets	Total
	£000s	£000s
Cost or valuation		
As at 1 April 2019	17,295	17,295
Additions	0	0
Transfers in/out	4,056	4,056
Disposals	0	0
Revaluation - Revaluation Reserve	20	20
Other movements	(16,740)	(16,740)
As at 31 March 2020	4,631	4,631
Impairment		
As at 1 April 2019	(16,739)	(16,739)
Impairments – Revaluation Reserve	(20)	(20)
Impairments – SoCNE	(458)	(458)
Transfers in/out	(2,454)	(2,454)
Disposals	0	0
Other movements	16,740	16,740
As at 31 March 2020	(2,931)	(2,931)
Net Book Value as at 31 March 2020	1,700	1,700
Net Book Value as at 31 March 2019	556	556
Asset Financing		
Owned	1,700	1,700
Carrying amount as at 31 March 2020	1,700	1,700

26. NET GAIN ON DISPOSAL OF FIXED ASSETS

Disposals in the year were for the sale of an Asset held for sale (Mounthooly) 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 shown in the SoCNE following disposal:

Asset	Sale Proceeds	Net Book Value	Gain / (Loss)
	£000s	£000s	£000s
Properties – Assets held for sale	560	556	4
Vehicles – Surplus	110	71	39
Vehicles – Operational	84	91	(7)
Total	754	718	36

27. IMPAIRMENTS AND REVALUATIONS

At 31 March 2021, 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 £0.885 million, reflected as a gain in the SoCNE, and revaluation increase of £10.804 million, shown as a credit to the Revaluation Reserve.

Other non-current assets are valued at depreciated historic cost.

28. CONTINGENT LIABILITIES

(a) It has been previously identified that provision should be made in the Annual Accounts for all liabilities in relation to insurance claims against the SFRS, both known and unknown. The provisions shown in Note 16 represent those claims that are known. Values cannot be placed upon those claims that have been incurred but not reported, i.e. incidents have occurred but claims have still to be submitted, and therefore a contingent liability exists.

(b) Goodwin Case for survivor benefits

Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS.

As this has just recently been announced, we do not yet have an accurate indication of the potential impact this may have on the value of the Service's employers' liabilities or the cost of the scheme. It is therefore, being noted as a contingent liability due to uncertainty of how it may affect the pension schemes in the future.

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 2021	Year ended 31 March 2020
	£000s	£000s
Contributions receivable:		
Fire and Rescue Service:		
Contributions based on pensionable pay	(40,620)	(41,269)
Early retirements	(842)	(1,048)
Transfer Values In	(1,294)	(1,316)
Officers' contributions	(18,349)	(18,087)
Seconded Officer Income	(56)	(78)
Total Receivable	(61,161)	(61,798)
Benefits payable:		
Pensions	96,628	92,560
Commutations and lump sum retirement benefits	26,497	24,806
Lump sum death benefits	240	261
Transfer values paid	1,421	55
Total Benefits Payable	124,786	117,682
Deficit before Funding	(63,625)	(55,884)
Creditor/(Debtor) at start of financial year	(530)	1,735
Fire Pension Grant – total grant received	103,815	94,888
Less: Employers Contributions	(40,620)	(41,269)
Carried forward deficit as at 31 March 2021	(960)	(530)

The £0.960 million deficit is contained within the Trade and Other Receivables figure of £8.291 million for Central Government Bodies shown in Note 9.

30. OTHER RESERVE MOVEMENT

	Year ended 31 March 2021	Year ended 31 March 2020
	£000s	£000s
Revaluation Reserve Write Off – Disposal of Assets Held for Sale	554	87
Revaluation Reserve Write Off – Disposals of Surplus Vehicles	33	1
Revaluation Reserve Write Off – Impairment of RAAC roof properties	67	3,473
Total	654	3,561

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 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 years that we pay for the lease costs of the vehicles and the usage of the charging points.

The following table show the future minimum payments committed to by the SFRS:

Deferred income	Year ended 31 March 2021	Year ended 31 March 2020
	£000s	£000s
Not later than one year	159	185
Later than one year but not later than 5 years	504	252
Later than 5 years	1,339	67
Total	2,002	504

DIRECTION BY THE SCOTTISH MINISTERS



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 2021, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) 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

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SFRS Annual Report and Accounts 2020-2021

Version 1.0