

Annual Report and Accounts 2022-23



Working together
for a safer Scotland



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland



CONTENTS

PERFORMANCE REPORT	4
Chair's Welcome	5
Performance Overview: About Us	6
Performance Overview: Key Risks	9
Performance Overview: Chief Officer's Summary of Performance	10
Performance Analysis	17
Performance Analysis: Target Results	18
Performance Analysis: Our Performance and Activities	28
Sustainability Report	36
ACCOUNTABILITY REPORT	45
Corporate Governance Report	46
• Directors' Report	46
• Statement of Accountable Officer's Responsibilities	51
• Governance Statement	52
Remuneration and Staff Report	61
Independent Auditor's Report	81
ANNUAL ACCOUNTS	85
Statement of Comprehensive Net Expenditure for the year ended 31 March 2023	86
Statement of Financial Position as at 31 March 2023	87
Statement of Cash Flows for the year ended 31 March 2023	88
Statement of Changes in Taxpayers Equity for year ended 31 March 2023	89
Notes to the Accounts	90
DIRECTION BY THE SCOTTISH MINISTERS	152

PERFORMANCE REPORT

In this section of the report we set out:

- Chair's Welcome 5
- Performance Overview: About Us 6
- Performance Overview: Key Risks 9
- Performance Overview: Chief Officer's Summary of Performance 10
- Performance Analysis 17
- Performance Analysis: Target Results 18
- Performance Analysis: Our Performance and Activities 28
- Sustainability Report 36



CHAIR'S WELCOME



It is my pleasure to introduce the Scottish Fire and Rescue Service (SFRS) Annual Report and Accounts for 2022/23.

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

This year saw the publication of Scottish Government's new [Fire and Rescue Framework 2022](#) for Scotland which sets out new strategic priorities to collaboratively drive forward how the Service can do more for the people of Scotland, while adapting to the changing nature of risks facing communities across the country.

As a result, we introduced our new [Strategic Plan 2022-25](#) which, for the first time, aligns with our [Long-Term Vision](#). Building on our organisational values, the Plan demonstrates our commitment to modernise the Service by changing how we work and will be instrumental in informing and supporting our actions for change and to help us do more for the communities of Scotland.

Throughout this year we have faced many challenges, including the publication of the Scottish Government's Resource Spending Review (RSR) in May 2022. The RSR indicated a flat cash budget for resource and capital spending for the period 2023/24 to 2026/27. Although awarded subsequent additional funding by the Scottish Government for 2023/24, to achieve the potential savings options and to ensure that we continue to evolve to meet the changing needs of our communities, there is a need for change in how we are designed, directed and resourced. This change is required to ensure that we can continue to deliver the best possible service for Scotland.

Work began in June 2022 to better understand and prepare for the scale of challenge this will bring and the budget options we will need to consider. This work included the development of a Strategic Service Review Programme (SSRP). This programme will provide new proposals for the Service, identifying how we need to achieve the Outcomes set out in our [Strategic Plan 2022-25](#) and our [Operational Strategy 2022-32](#), whilst planning for and relieving the financial challenges we face over the next four years.

Over and above these financial pressures, for the first time in 20 years, we faced potential Industrial Action. At the beginning of the year, the Fire Brigades Union balloted its members for industrial action following the rejection of a pay offer for 2022/23. The ballot results supported strike action. Although a further pay deal was later accepted in March 2023, as a national emergency service, we had and continue to have a legal and moral responsibility to continue to provide an emergency response and plan accordingly to mitigate the risks to the communities of Scotland. Substantial planning took place during this time to ensure that contingency arrangements were in place to ensure that an emergency response would be available during the time of the strike action should it take place.

Despite these and other challenges, we have continued to make progress on critically important areas of the Service. Our people have continued to show dedication and commitment throughout these unprecedented and challenging times. Moving forward, we will continue to face challenges head-on, we will continue to adapt and evolve and to focus on addressing the social, health and economic conditions that lead to inequality whilst dealing with the consequences of climate change and we will continue to do our very best for the people of Scotland.

KIRSTY DARWENT
Chair

Scottish Fire and Rescue Service Board
15 December 2023

PERFORMANCE OVERVIEW: ABOUT US

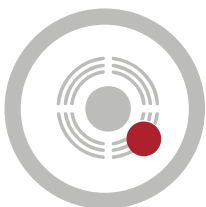
The purpose of the Performance Overview section of this report is to provide a summary about us. We tell you about our purpose and the Strategic Outcomes we work towards to achieve that purpose. You'll be able to read about the progress we've made against our Outcomes, as well as the key risks we face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

Who we are and what we do

The Scottish Fire and Rescue Service is the world's fourth largest Fire and Rescue Service. We are committed to ensuring the safety and wellbeing of the people of Scotland. We were established as a single national service on 1 April 2013 by the Police and Fire Reform (Scotland) Act 2012. Our primary statutory responsibilities are directed by the Fire (Scotland) Act 2005, as amended by the Police and Fire Reform (Scotland) Act 2012 and by the Fire (Additional Function) (Scotland) Order 2005.

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

Promoting fire safety



Enforcing fire legislation



Responding to road traffic collisions



Dealing with structural collapse of building



Response to serious flooding



Responding to serious transport incidents



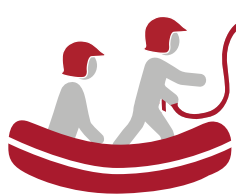
Working with key partners to enhance community safety



Planning for chemical, biological, radiological and nuclear incidents



Undertaking inland water rescue



Carrying out rescues at height



Our Purpose

The SFRS has a duty to work with other public services to contribute to the Scottish Government's purpose and the [National Performance Framework](#) (NPF) and its 11 National Outcomes. In support of the NPF, the [Fire and Rescue Framework for Scotland 2022](#) sets out the Scottish Government's specific purpose and operating context for the SFRS with seven strategic priorities representing the high-level ambition of what is required from a modern, skilled and dynamic fire and rescue service.

Our purpose, as defined by Scottish Ministers in the Fire and Rescue Framework, is:

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

Our Strategic Outcomes

To help us to achieve our purpose and our contribution to the [National Performance Framework](#), our [Strategic Plan 2022-25](#) is aligned to the [Fire and Rescue Framework for Scotland 2022](#) and the seven Strategic Priorities identified within it.

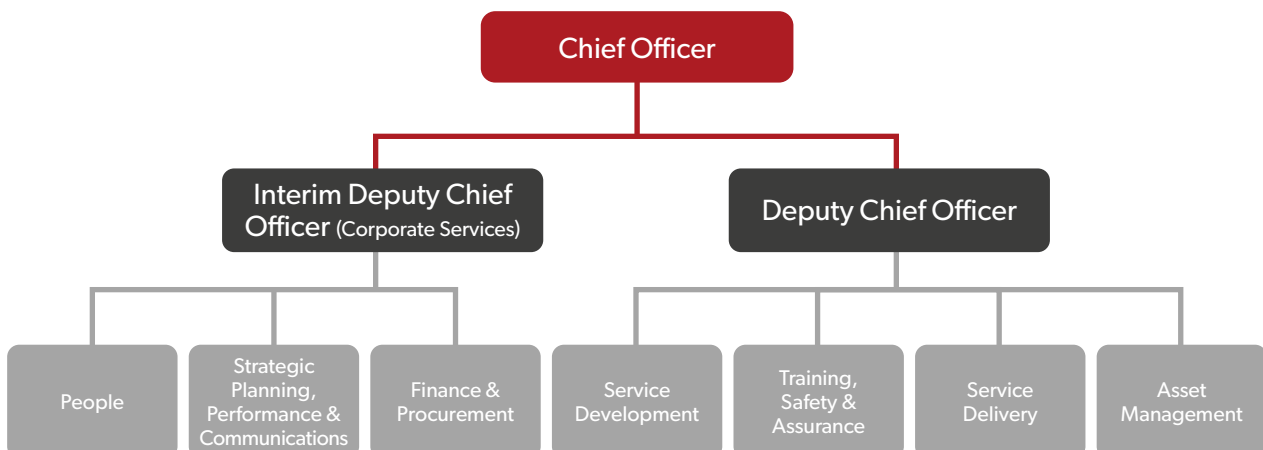
Mirroring these, the SFRS Strategic Plan 2022-25 outlines seven Strategic Outcomes which will drive our performance for the next three years:

Outcome 1	Community safety and wellbeing improves as we deploy targeted initiatives to prevent emergencies and harm.
Outcome 2	Communities are safer and more resilient as we respond effectively to changing risks.
Outcome 3	We value and demonstrate innovation across all areas of our work.
Outcome 4	We respond to the impacts of climate change in Scotland and reduce our carbon emissions.
Outcome 5	We are a progressive organisation, use our resources responsibly and provide best value for money to the public.
Outcome 6	The experience of those who work for SFRS improves as we are the best employer we can be.
Outcome 7	Community safety and wellbeing improves as we work effectively with our partners.

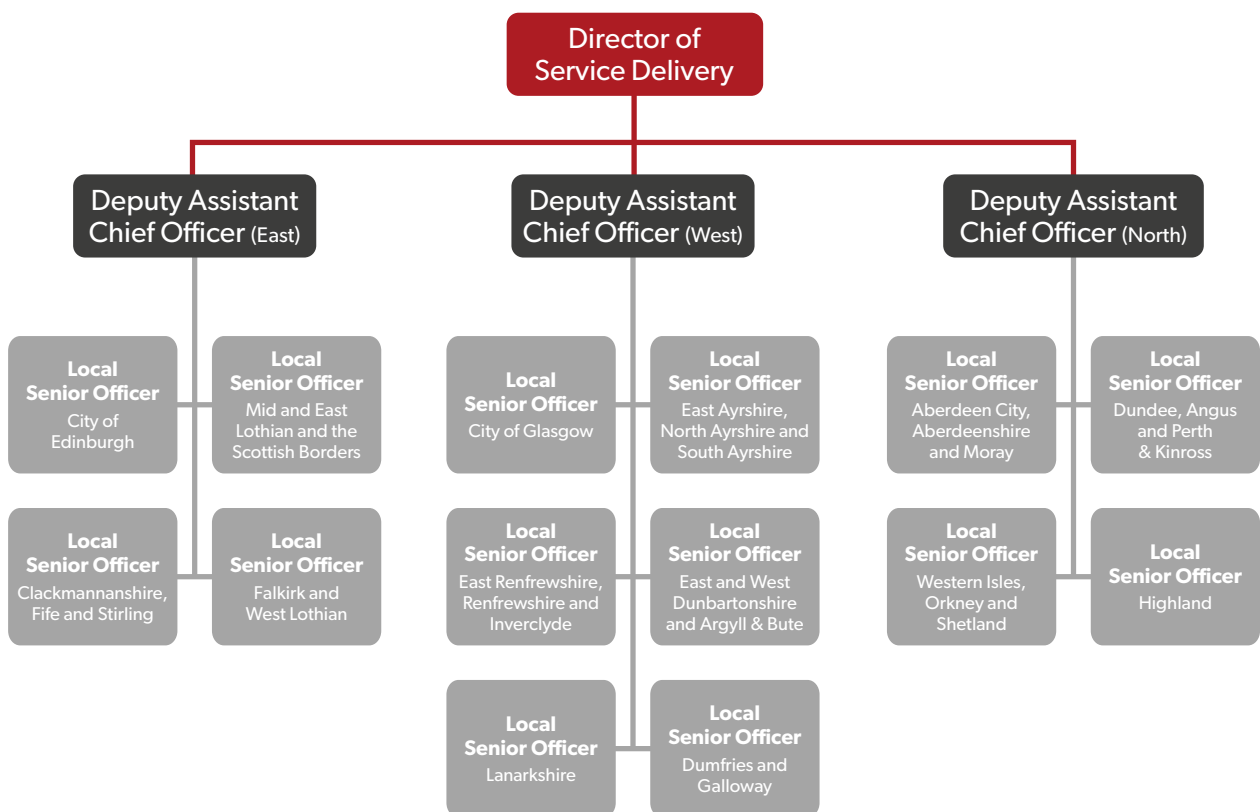
Our Organisational Structure

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

The Strategic Leadership Team are led by the Chief Officer, Deputy Chief Officer and Interim Deputy Chief Officer of Corporate Services. They are further supported by seven members, each of whom has responsibility for one of our 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 Centres, three modern Service Delivery Area Headquarters, four strategically placed Asset Resource Centres, an ICT Data Centre and a fleet of over 1,500 vehicles.

PERFORMANCE OVERVIEW: KEY RISKS

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

The nine Risk Themes are:

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 (UFAS) 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.

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

Scrutiny and assurance as to the adequacy and effectiveness of controls is undertaken through quarterly reporting to the Audit and Risk Assurance Committee and the Strategic Leadership Team, and annually through the SFRS Assurance Framework which is detailed in our [Good Governance Framework](#).

This quarterly reporting provides a full list of Directorate Risks, the control actions in place to help mitigate those

risks and any significant risk changes that should be noted for the quarter. As of 31 March 2023, the Service had 40 Directorate risks, each aligned to the Strategic Risk Register. You can view each of these risks, their risk ratings and the controls in place on [our website](#).

To ensure a consistent approach, additional reporting to Committees of the Board, and Executive Boards, is undertaken where deemed appropriate through spotlighting specific risks. This approach ensures that the Risk Themes faced are appropriately managed and do not impact upon our ability to deliver against our Strategic Outcomes. You can read more about our approach to managing risk in the [Governance Statement section](#).

PERFORMANCE OVERVIEW: CHIEF OFFICER'S SUMMARY OF PERFORMANCE



Our Performance Against our Strategic Outcomes

Despite the challenges we have faced this year, we have continued to work to keep the communities of Scotland safe and deliver against the Outcomes of our Strategic Plan.

Our first Strategic Outcome focuses on **“Prevention”** as we believe that preventing problems from arising is better than dealing with them when they occur. We have continued to work closely with our partners including sharing data appropriately to protect the vulnerable and make our communities safer. Working alongside our partners, our more traditional fire safety messaging has been supplemented with wider community safety information where we have used an evidence-based approach to target groups who are at risk, including water and road safety campaigns.

As a trusted emergency service, we have visited some of the most vulnerable members of society and are committed to ensuring our staff have the knowledge and skills they require to confidently engage with all members of our community. We have worked closely with our partners to provide our people with enhanced support and guidance to help them identify and act on, where appropriate, wider

health and social care considerations. This has included the introduction of resources, including additional training courses/modules and guidance notes on safeguarding adults and children; hoarding; domestic abuse; human trafficking and exploitation; dementia; and engaging with refugees and asylum seekers.

As well as our prevention measures to support the public and households, our work to protect Scottish businesses and non-domestic premises continued. This included work to reduce Unwanted Fire Alarms Signals (UFAS), where a new approach was identified to respond to these types of incidents. This new approach, implemented from 1 July 2023, could reduce UFAS calls by up to 57%. This would allow us to maintain the availability of essential resources wherever and whenever they are needed most and increase the time available for operational colleagues to undertake training and community safety activities.

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

This year we continued to adapt and respond to risk by further development of our Service Delivery Model Programme (SDMP) which aims to inform an analysis of risk across Scotland's communities. This process will identify where we can deliver a balanced prevention, protection and response model that will contribute to eliminating, reducing, or mitigating known or predicted community risk. During the last 12 months, the programme continued to develop core elements such as the Community Risk Index Model (CRIM), whilst reviewing our operational response footprint.

Ensuring that our operational personnel have the right equipment and vehicles to keep them safe and carry out their varied role, we made changes to vehicles, equipment and infrastructure including projects such as the introduction of fire hoods and smoke curtains, the delivery of new 18-tonne rescue appliances, work to review the number and placement of high reach appliances, and the replacement of our Wide Area Network (WAN) to support connectivity to Community Fire Stations.

Outcome three concerns **"Innovation and Modernisation"**. During 2022/23, we have worked alongside partners on a range of modernisation initiatives including Smart Helmets, Digital Fireground Radios, Virtual Reality training and the Emergency Services Mobile Communication Programme. To help us promote and embed a culture of innovation, we joined the Innovation Exchange where we meet with partners from the National Health Service, Police Scotland and Scottish Ambulance Service to discuss and share innovation themes, practice and experience. This will help develop our approach to innovation, research and development going forward.

Our fourth Strategic Outcome involves **"Climate Change"**. As a trusted emergency service, we have been on the front line in responding to the impacts of climate change including extreme weather events which have led to flooding and wildfires. We have continued to deliver our Wildfire Strategy to develop and enhance our wildfire capability, including significant investment in vehicle and training to ensure firefighters have the tools they need to manage wildfires effectively and safely.

As well as responding to the impacts of climate change, we are committed to reducing and limiting our own carbon emissions. Work that has been undertaken includes delivering a programme of roof mounted solar photovoltaic panels, installing and upgrading building heating controls, delivering a programme of retained fire station energy

efficiency upgrade packages and work to secure several grants to assist in the funding of our electric vehicle infrastructure.

Strategic Outcome five relates to **"Effective Governance and Performance"**. We are committed to being a fully accountable and progressive organisation and aim to maximise our public value by using our resources responsibly, delivering a high quality, sustainable fire and rescue service for Scotland and providing best value for money to the public through our commitment to managing our finances responsibly.

We faced many challenges during the past year, including the publication of the Scottish Government's Resource Spending Review (RSR) in May 2022 and the preparation for major change as a result. We have continued to review the funding envelope and the efficiencies required to achieve potential savings options and to focus on minimising the risks to the SFRS.

The RSR indicated a flat cash budget for resource and capital spending for the period 2023/24 to 2026/27 and although we have been awarded subsequent additional funding by the Scottish Government for 2023/24, we have continued to manage and prepare for the significant changes required. This includes planning work which has been carried out under the Strategic Service Review Programme (SSRP), to provide new proposals for the Service, identifying how we need to change as a Service to achieve the Outcomes set out in our [Strategic Plan 2022-25](#) and our [Operational Strategy 2022-32](#), whilst planning for and relieving the financial challenges we face over the next four years.

In anticipation of several future new major change projects, extensive work has been undertaken to review and update existing practices to ensure improved governance of all projects and to build effective project management methodology that fits the needs of the SFRS.

Our sixth Strategic Outcome focuses on, undoubtedly our most important asset, our **"People"**. Without their dedication and professionalism, we would simply not be able to continue to protect the communities of Scotland. Our commitment to protecting the health, wellbeing and safety of our people has remained of critical importance. We strive to be the best employer we can be, putting the physical and mental health of our people at the forefront and continuing to work in partnership with our representative bodies to ensure the safety and wellbeing of the public and our people.

Work to develop our training to enable our people to advance and maintain their competencies and skills continued and we worked to improve our recruitment processes and make our roles more attractive to all members of our communities. We have focused on developing our approach to youth engagement and employment and endeavoured to nurture an inclusive culture that values and welcomes everybody to be themselves at work. The SFRS Employee Engagement Framework was also developed and communicated, with an initial Agile Working Survey being launched. Planning for the next service wide Staff Survey has commenced, with the survey due to take place in early 2024.

Finally, Outcome seven focuses on **“Partnerships”** which are vital to ensure that we perform at our best in all that we do, particularly in these financially challenging times.

Teamwork is one of our core values and we remain fully committed to Community Planning, working with partners such as Police Scotland, the Scottish Ambulance Service, Local Authorities, Health Boards, the third sector and community groups throughout Scotland to improve the wellbeing of communities and the safety of our firefighters.

Our Financial Performance

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

The cash GiA drawn down in financial year 2022/23 was £335.966 million for both resource and capital purposes against a cash Departmental Expenditure Limit (DEL) budget of £328.147 million. The variance arose as a result of the timing of receipt of the VAT reclaim from HMRC and from variations in the working capital requirements due to changes in year-end creditors and accruals.

Our key measure of financial performance is the comparison of expenditure against Departmental Expenditure Limit (DEL) funding provided by the Scottish Government. The Resource DEL variance of £1.355 million for the year ended 31 March 2023 relates to a combination of factors noted in the following table and explained further in the subsequent narrative and Note 22.

	Budget £000s	Outturn £000s	Variance £000s
Employee Costs	237,460	237,715	(255)
Operating Costs	57,485	58,337	(852)
Income, including disposal of assets	(1,711)	(1,463)	(248)
Total	293,234	294,589	(1,355)

The impact of the pay settlement being higher than budgeted in response to the cost of living crisis combined with projects to replace a number of critical systems resulted in overspends within employee costs. These overspends were partly offset by the impact of changes to Firefighter Pension Scheme rules (also known as the Pensions Remedy). This resulted in an increase in retirements during the year, the consequence of which was that staff were promoted into lower paid development roles to replace those who had left, results in lower costs. On Call staff payments were lower due to reduced activity levels and vacancies. In addition, there was a reduction in the number of ill health retirements which also helped to minimise the overspend.

Operating costs overspent mainly due to the increase in world-wide fuel prices. Additional inflationary pressures combined with increased insurance claims also contributed to the overspend.

There was an under recovery of income related to payments due from the Modern Apprenticeship Scheme. After an internal audit review, corrective actions agreed with respective Directorates are being progressed and reported on.

The budget incorporated the need to generate £5.8 million of efficiencies to cover increased costs such as pay awards and general cost increases. Approximately £5 million were realised through a number of areas including vacancies in Support and On Call Staff, reduced utility consumption and travel costs and the impact of changing the approach to responding to automatic fire alarms (AFAs).

The Capital DEL budget underspent by £0.002 million, due to Right of Use Assets Lease payments being lower than forecast.

The SoFP shows net liabilities of £2.620 billion (£4.773 billion in 2021/22), a decrease of £2.153 billion. The significant difference between the two years is mainly due to changes in the pension liability experienced during 2022/23 in relation to the Pension Schemes that the SFRS participates in.

The pension liability at 31 March 2023 is £3.122 billion, representing a major decrease of £2.130 billion from the previous year (see Note 13 of the Accounts for more information). This is primarily due to significant actuarial gains experienced in the year of £2.2 billion (losses of £0.276 billion in 2021/22). This was caused by an increase in the discount rate used in valuing the Schemes that the Service participates in, as well as a reduction in future inflation expectations. In addition, this has resulted in an overall net asset surplus in the Local Government Pension Schemes (LGPS) where the funds performed well against expectations. These asset surpluses have to be safeguarded and the gain is therefore restricted in the Accounts, however, may lead to reductions in employer contribution rates in the near future.

As noted above, the substantial value of net liabilities is mainly due to the inclusion of liabilities related to defined benefit pension schemes required by International Accounting Standards (IAS) 19 – Employment Benefits. 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 2023/24 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 IAS19. These are reflected in Total Comprehensive Net Income before Grant from the Scottish Government of £1.817 billion for financial period 2022/23 (Net Expenditure of £653 million in 2021/22), as shown in the Statement of Comprehensive Net Expenditure (SoCNE) in the Annual Accounts section of this document. The main factor contributing to the movement of £2.470 billion between the two years is the impact of actuarial gains on pension disclosures included in the SoCNE. This does not represent cash transactions.

The following is provided to add some contextual information to the financial position of the Service.

Systemel

On formation in 2013, the Service inherited 8 legacy Operations Control (OC) rooms and the Command Control Futures (CCF) Project was established to rationalise them into 3 regional control rooms (Phase 1). The aim of Phase 2

was to procure and implement a modern Command and Control Mobilising Solution (CCMS) to be installed across the 3 Regional Control Rooms to allow interoperability, resilience and provide fit for purpose functionality.

Phase 1 was completed in June 2017. Systemel, a French company, was appointed during 2017/18 to provide the CCMS under Phase 2 with payments based on successful achievement of milestones. The contract was subsequently terminated in December 2022 due to a failure to meet these contractual requirements. The Service lodged a compensation claim and this is being pursued through the court system.

Over both phases of the project, costs incurred totalled £7.125 million. This included:

- Retained benefits of £1.905 million relating to work, services or hardware purchased or implemented throughout the Project which the Service is utilising within OC rooms or other functions.
- Expenditure of £5.22 million on design and build of the CCMS, including milestone payments made to Systemel and internal project management costs. This full amount has been impaired in the 2022/23 Accounts.

The Service has continued with existing suppliers of older systems at significant costs to ensure that the required services are provided.

An exercise is currently being carried out to appoint a new supplier to provide the New Mobilising System (NMS), with the intention to award in early 2024. This will represent a significant investment of several million pounds in this major project.

Non-current asset revaluation

Non-current assets (including land, buildings, vehicles, operational equipment and ICT equipment) are revalued regularly to ensure their carrying value is not materially different from their fair value but at least every five years as a minimum. Under the 5-year rolling programme of valuations, 61% of the land and buildings portfolio was revalued during 2022/23 by the Service's in-house valuer which is a significant undertaking. The Accounts reflect the outcome of these revaluations.

Reinforced Autoclaved Aerated Concrete (RAAC)

In common with other UK organisations, the use of RAAC panels has been found in 14 Stations within the SFRS portfolio. A regular inspection regime is in place to monitor

any deterioration in condition and all have been re-surveyed in line with recently issued revised guidance with each RAAC plank being individually assessed. These were identified in financial year 2019/20 and an initial impairment review carried out with the impact incorporated at that point into the Accounts. Impairment reviews have been carried out each year since.

Changes to Lease Accounting

IFRS 16 Leases came into effect in 2022/23. The Service reviewed all our leases to determine whether they were in scope and amended the treatment to comply with the new standard. More information is available in the Accounting Policies and Note 32.

Capital Programme

The total Capital budget for 2022/23 was £36.6 million, consisting of £34.74 million in Scottish Government Grant in Aid (GiA) budget, £1.464 million in Transition to Net Zero Grants (to fund electric vehicle charging points) and £0.396 million in receipts from sale of assets.

Expenditure was fully spent within budget. Key projects in 2022/23 included:

- £0.3 million incurred in the completion of the Fire Museum and Station refurbishment at McDonald Road in Edinburgh at a total cost of £13.3 million.
- £11.8 million spent on the Cambuslang Asset Resource Centre (ARC) which completed in May 2023. This provided a modern and state of the art facility to replace aged workshops and stores in Cowcaddens and Hamilton.
- £1.958 million was spent on de-carbonisation projects throughout the Service.
- £5.7 million was spent on 99 replacement, new and in-production vehicles.
- £3.4 million was spent on ICT infrastructure.
- £3.5 million was spent on operational and personal protective equipment.
- £1.5 million on electric vehicle charging points.

Our Performance in Numbers

Despite the challenges faced over the year, we have continued our progress against our Key Performance Indicators, with 62.5% (5) of them achieving a green RAG status, and 37.5% (3) receiving a red RAG status against the targets we have set.

KPI Name	Target	2019/20	2020/21	2021/22	2022/23	RAG
All Non-Fatal Fire Casualties	Reduce the number of casualties at each incident type based on moving three-year average	809	694	555	595	GREEN
Accidental Dwelling Fires (Low Severity)	Reduce low severity fires based on moving three-year average	2,031	1,998	1,940	1,833	GREEN
Accidental Dwelling Fires (Medium Severity)	Reduce by 3% based on moving three-year average	2,046	1,871	1,968	1,781	GREEN
Accidental Dwelling Fires (High Severity)	Reduce by 5% based on moving three-year average	289	276	288	259	RED
Non-Domestic Fires	Reduce based on a moving three-year average	1,960	1,705	1,838	1,873	GREEN
Home Fire Safety Visits	Increase based on previous reporting year	69,237	19,998	44,196	38,677	RED
Unwanted Fire Alarm Signals (UFAS)	Reduce based on a moving three-year average	29,285	23,738	28,711	31,383	RED
Reportable Injuries (excluding COVID-19)	Reduce based on a moving three-year average	26	17	9	15	GREEN

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



ROSS HAGGART
Chief Officer

Scottish Fire and Rescue Service
 15 December 2023





PERFORMANCE ANALYSIS

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

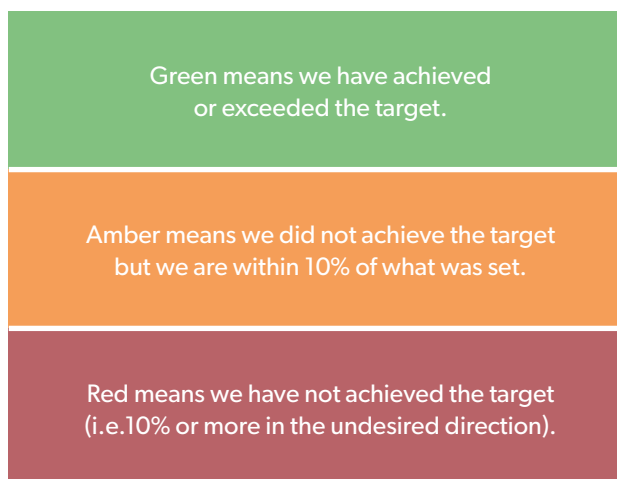
- **Target Results** – which looks at a range of our key performance indicators; and
- **Our Performance and Activities** – which looks at the activities we have carried out in support of our Strategic Outcomes.

PERFORMANCE ANALYSIS: TARGET RESULTS

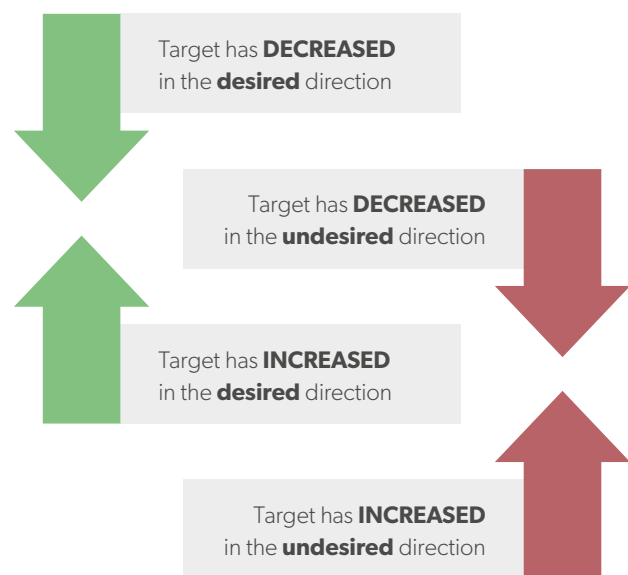
This section summarises the progress the SFRS has made against key performance indicators (KPIs) of our *Performance Management Framework* throughout 2022/23. Committees of the Board monitor progress of these performance indicators together with other informative data through Quarterly Performance Reports.

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

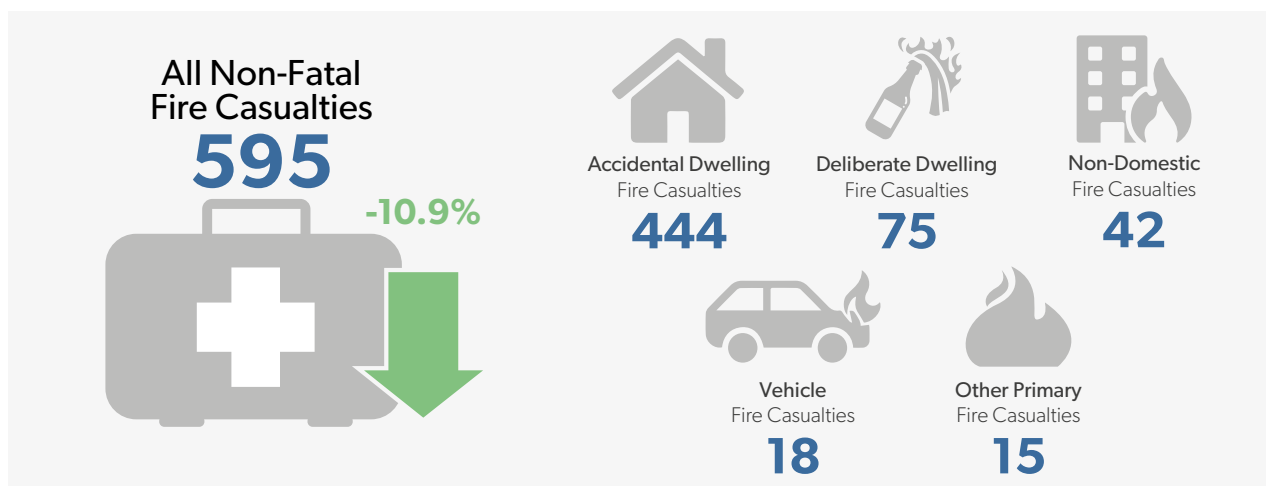
This document highlights five areas of interest to the public audience: Fire Casualties; Accidental Dwelling Fires; Non-Domestic Fires; Unwanted Fire Alarm Signals; and injuries to SFRS staff. The comparisons made for all KPIs are based on three-year averages, with the 2019/20, 2020/21 and 2021/22 average compared to the 2020/21, 2021/22 and 2022/23 average. This section also contains some figures from 2022/23 alone. Unless stated otherwise, all figures refer to three-year averages. We assess each of the key targets that follow using a Red, Amber or Green (RAG) indication of our performance.



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



FIRE CASUALTIES



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

There was a reduction in non-fatal fire casualties over the three year period of 10.9% (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 2022/23, there were 595 non-fatal fire casualties (excluding precautionary checks²). Of this total there were 444 fire casualties in accidental dwelling fires and 75 in deliberate dwelling fires. A further 42 were recorded in non-domestic building fires, 18 in vehicle fires, 15 in other primary fires, and one in 'other building' type. At present, the SFRS only statistically measures performance against the total number of fire casualties, and the number of accidental dwelling fire casualties.

KPI Performance

KPI Name	2019/20	2020/21	2021/22	2022/23
All Non-Fatal Fire Casualties	809	694	555	595
Accidental Dwelling Fire Casualties	575	504	430	444

1 A casualty is a person who was referred to hospital for injuries, or who received first aid at the scene of an incident. Casualties recorded as 'precautionary check recommended' are not included in these figures.

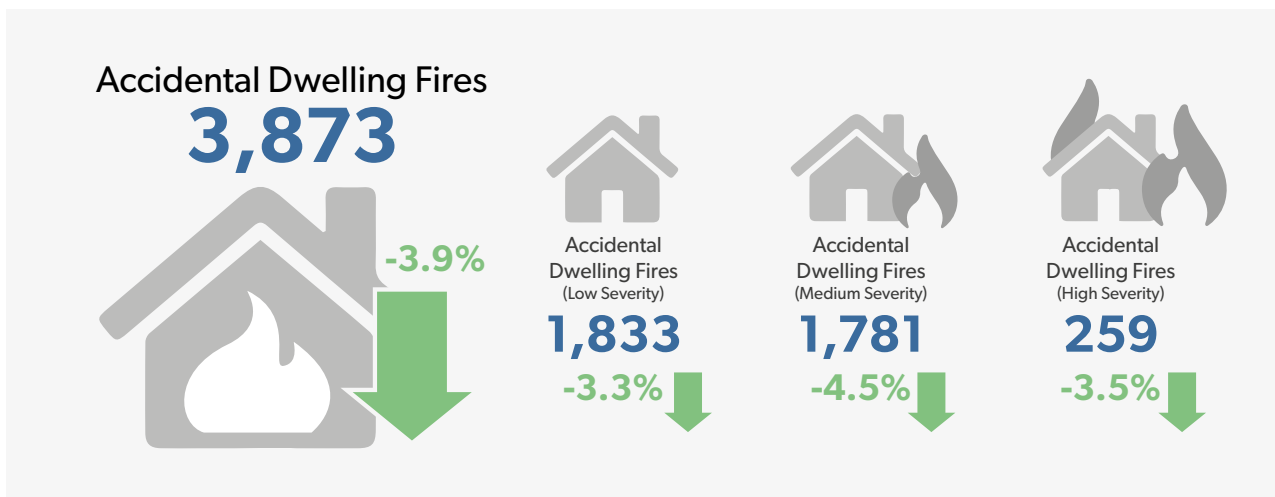
2 A precautionary check is when a person is advised to attend hospital or to see a doctor for a precautionary check regardless of whether they did so.

RAG Status and Target Explained

KPI Name	Previous three-year average	Current three-year average	Target	RAG
All Fire Casualties	686	615	Reduce the number of casualties at each incident type based on moving three-year average	GREEN
Accidental Dwelling Fire Casualties	503	459	Reduce by 3% based on moving three-year average	GREEN

The SFRS aims to reduce the number of fire casualties in the current three-year average compared with the previous three-year average. As the current three-year average is less than the previous three-year average period in both categories, the RAG indicator is green. In total, there has been a 10.4% reduction in all fire casualties and an 8.7% reduction in accidental dwelling fire casualties.

ACCIDENTAL DWELLING FIRES



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

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

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

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

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

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

There were 3,873 accidental dwelling fires attended in 2022/23. Of these, 1,833 were classed as low-severity under the Cheshire Fire Severity Index, 1,781 were medium-severity and 259 were high-severity. A high-severity fire is one in which a fatality occurs, or a fire so severe as to destroy or seriously damage the property concerned. Such fires usually require the commitment of a larger number of pumping appliances for longer periods of time.

KPI Performance

KPI Name	2019/20	2020/21	2021/22	2022/23
Accidental Dwelling Fires (Low Severity)	2,031	1,998	1,940	1,833
Accidental Dwelling Fires (Medium Severity)	2,046	1,871	1,968	1,781
Accidental Dwelling Fires (High Severity)	289	276	288	259

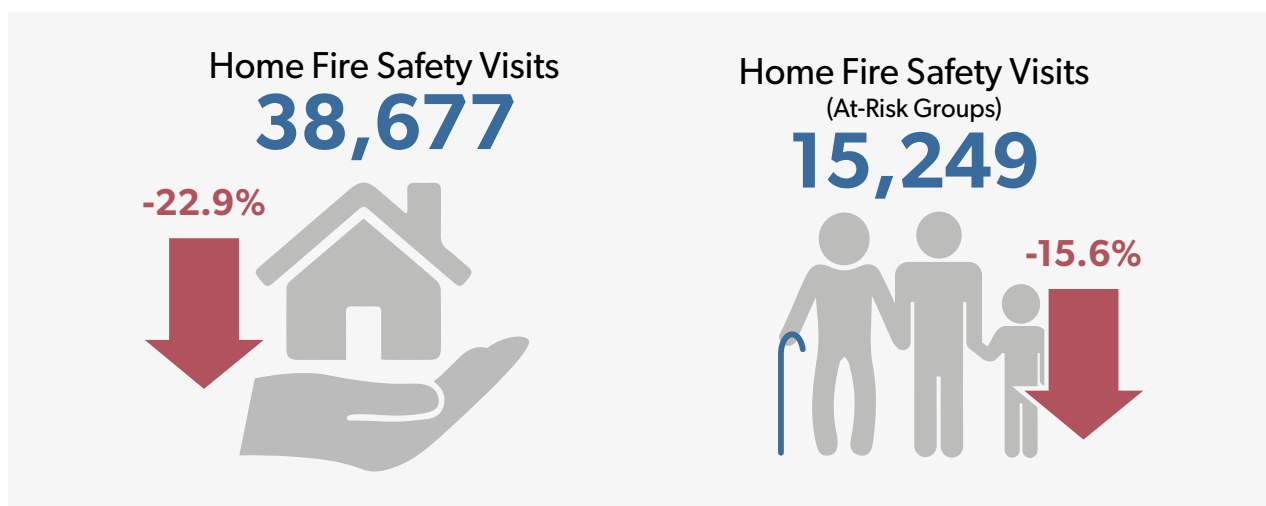
RAG Status and Target Explained

KPI Name	Previous three-year average	Current three-year average	Target	RAG
Accidental Dwelling Fires (Low Severity)	1,990	1,924	Reduce low severity fires based on moving three-year average	GREEN
Accidental Dwelling Fires (Medium Severity)	1,962	1,873	Reduce by 3% based on moving three-year average	GREEN
Accidental Dwelling Fires (High Severity)	284	274	Reduce by 5% based on moving three-year average	RED

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

In the 2022/23 period, this target was met for both low-severity (-3.3%) and medium-severity (-4.5%) accidental dwelling fires, however, for high-severity the reduction was only 3.5% over the period which missed the target.

Prevention Activity



In 2022/23, the SFRS carried out 38,677 Home Fire Safety Visits (HFSV). Of the total HFSVs, 15,249 were attended for at-risk groups.

KPI Performance

KPI Name	2019/20	2020/21	2021/22	2022/23
Home Fire Safety Visits	69,237	19,998	44,196	38,677
Home Fire Safety Visits (At-Risk Groups)	24,123	10,201	22,562	15,249

RAG Status and Target Explained

KPI Name	Previous three-year average	Current three-year average	Target	RAG
Home Fire Safety Visits	44,477	34,290	Increase based on previous reporting year	RED
Home Fire Safety Visits (At Risk Groups)	18,962	16,004	Increase based on moving three-year average	RED

Our target has not been met with a -22.9% decrease due to various reasons during 2022/23, including planning for potential industrial action. Similarly, visits carried out to higher risk groups were also less than that conducted the previous year due to capacity and unexpected operational events. There has also been a change in the profile of demand due to legislative changes for fire alarms. This has

resulted in fewer visits than in 2021/22, the current three-year average is 15.6% lower than targeted.

It is anticipated that the target for Home Fire Safety Visits will be reviewed for 2023/24 to reflect longer visits times, with a greater focus on the more vulnerable.

Non-Domestic Fires

1,873

-1.6%



NON-DOMESTIC FIRES

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

FIRE SAFETY AUDITS

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

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

which the SFRS expects to follow. In addition, all auditing activity carried out by the SFRS is in accordance with [the Scottish regulators' strategic code of practice](#).

Every Local Senior Officer area prepares a Local Enforcement Delivery Plan to ensure a structured and locally flexible approach is applied to auditing the risks across Scotland. In 2022/23, the SFRS attended 1,873 non-domestic fires.



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

The SFRS conducted 6,712 fire-safety audits of non-domestic premises in 2022/23 (compared to 5,688 in 2021/22), of which 53% were in premises at greater risk in the event of fire. This includes 1,958 audits undertaken

in houses of multiple occupation (compared to 1,984 in 2021/22) and 1,606 (compared to 1,490 in 2021/22) in care homes (including but not limited to nursing care for the elderly and childcare establishments).

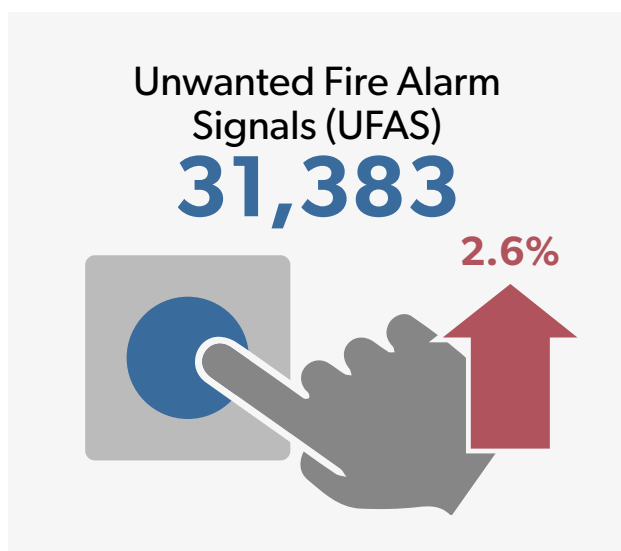
KPI Performance

KPI Name	2019/20	2020/21	2021/22	2022/23
Non-Domestic Fires	1,960	1,705	1,838	1,873

RAG Status and Target Explained

KPI Name	Previous three-year average	Current three-year average	Target	RAG
Non-Domestic Fires	1,834	1,805	Reduce based on a moving three-year average	GREEN

The SFRS aims to reduce the number of non-domestic fires in the current three-year average compared with the previous three-year average. This target was met, with a 1.6% reduction in non-domestic fires.



UNWANTED FIRE ALARM SIGNALS

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

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

In 2022/23, the SFRS attended 31,383 UFAS calls in comparison to 28,711 in the previous year. UFAS calls have increased over the long term due to increased fitting of automated alarm systems.

⁵ Unwanted Fire Alarm Signals: The call is received from an automatic fire alarm or a person in the workplace which has not been caused by a fire, to which the SFRS responds.

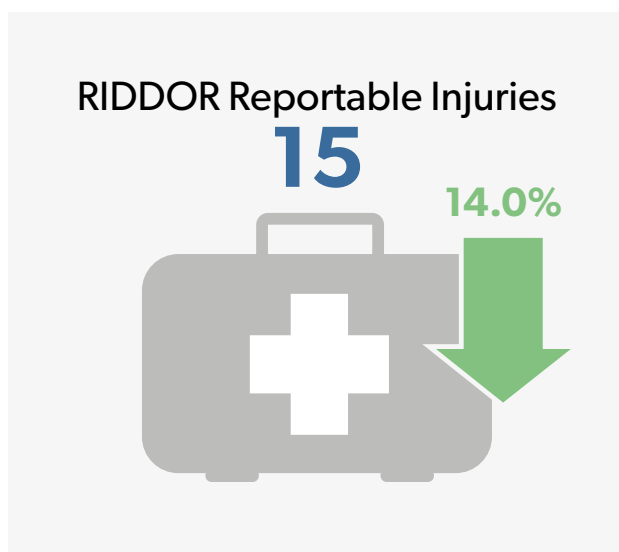
KPI Performance

KPI Name	2019/20	2020/21	2021/22	2022/23
Unwanted Fire Alarm Signals (UFAS)	29,285	23,738	28,711	31,383

RAG Status and Target Explained

KPI Name	Previous three-year average	Current three-year average	Target	RAG
Unwanted Fire Alarm Signals (UFAS)	27,245	27,944	Reduce based on a moving three-year average	RED

The target for UFAS in 2022/23 was a reduction of the previous three-year average however there was a significant rise in the total number of UFAS incidents attended climbing from 28,711 in 2021/22 to 31,383 in 2022/23. This was an increase of 9.3% in the total number of incidents and a 2.6% rise against the annual target. We have therefore assigned a Red RAG status.



FIREFIGHTER INJURIES

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

KPI Performance

KPI Name	2019/20	2020/21	2021/22	2022/23
Reportable Injuries (excluding COVID-19)	26	17	9	15

RAG Status and Target Explained

KPI Name	Previous three-year average	Current three-year average	Target	RAG
Reportable Injuries (excluding COVID-19)	17	14	Reduce based on a moving three-year average	GREEN

REPORTING COVID-19 CASES

In 2022/23, we also reported COVID-19 transmissions. During this period, zero cases were reported where our staff contracted COVID-19 through work-related transmission. Our target was to reduce the figure based on the previous reporting year. As we had 29 cases in 2021/22, and we have reported zero cases in 2022/23, therefore we have reached our target.

FINANCIAL PERFORMANCE INDICATORS

The target of percentage of invoices paid in 30 days is 97%. We were below our target by 1% by reaching 96% in 2022/23. This is a 2% decrease from 2021/22 where 98% of invoices were paid within 30 days.

We have now put in place a practice of chasing up outstanding workflows on a weekly basis to help meet this target.

The Acting Head of Finance has also asked for support from the Senior Management Board to highlight to their teams the importance of approving invoices within their workflows as soon as possible.

With these measures now in place, we are currently exceeding the target and have paid 98% of invoices within 30 days.

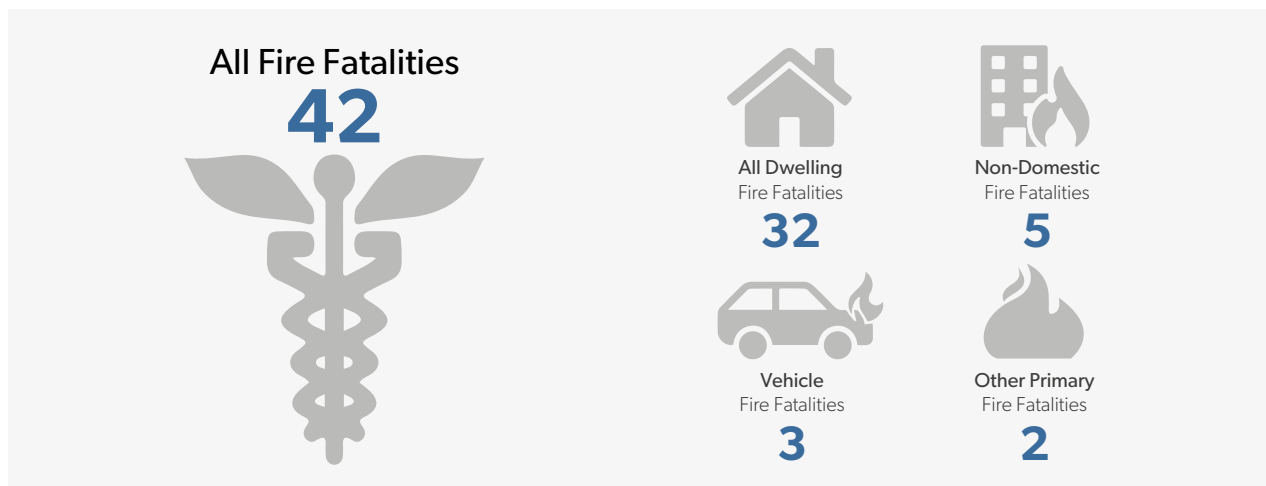
KPI Performance

KPI Name	2019/20	2020/21	2021/22	2022/23	RAG
% of invoices paid in 30 days	96%	97%	98%	96%	AMBER

OTHER SIGNIFICANT PERFORMANCE INDICATORS

Although we don't have targets associated with the following indicators, we still closely monitor the results of them. Doing so helps us to identify possible trends and better target prevention strategies and initiatives.

Fire Fatalities



In 2022/23, there were 42 fire fatalities, of these, 32 were caused by dwelling fires, 5 by non-domestic fires, 3 by vehicle fires and 2 by other primary fires. At present, the SFRS only statistically measures performance against the total number of fire fatalities and the number of accidental dwelling fire fatalities.

Indicator Progress

KPI Name	2019/20	2020/21	2021/22	2022/23
All fire fatalities	27	52	40	42
Dwelling fire fatalities	21	43	31	32
Non-domestic fire fatalities	3	1	1	5
Vehicle fire fatalities	3	5	5	3
Other primary fire fatalities	0	2	3	2

PERFORMANCE ANALYSIS: OUR PERFORMANCE AND ACTIVITIES

At the beginning of each financial year, we produce an Annual Operating Plan to show key activities that will contribute to meeting the priorities we set within our Strategic Plan. At the end of each year, we report on how we progressed this through quarterly reporting to our Senior Management Board, Strategic Leadership Team and to the SFRS Board. We also include some of this information in the Annual Report and Accounts.

In 2022/23, our Annual Operating Plan contained 22 actions. As of 31 March 2023, the following progress had been made:

- 8 (38%) actions were completed within the financial year as planned
- 13 (59%) actions were not completed within the financial year as planned
- 1 (3%) action had a due date within the 2023/24 financial year

Of the 13 actions that were not completed within the financial year, seven were incorporated into new actions within the Annual Operating Plan 2023/24. Work will continue to be carried out on the remaining six, with quarterly updates provided to our Senior Management Board, Strategic Leadership Team, and SFRS Board throughout 2023/24 until the actions have been completed.

This section of the report captures some of the key activities that we have carried out through 2022/23 to meet the requirements of our [Strategic Plan 2022-25](#), some which also feature in our Annual Operating Plan 2022/23.

The work we have carried out has been structured around the seven Outcomes outlined within our Strategic Plan 2022-2025.

Details of our financial performance for the year can be found within the [Accounts Section of this report](#).

Future Plans

Our [Annual Operating Plan for 2023/24](#) details the work we will carry out to contribute to the delivery of our Strategic Outcomes which are detailed in the Strategic Plan 2022-25. Our Strategic Outcomes will not change during 2023/24 and we do not expect any structural changes to the Service.

OUTCOME 1 PREVENTION

Community safety and wellbeing improves as we deploy targeted initiatives to prevent emergencies and harm.

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 worked to reduce the number of emergency incidents to improve community safety and wellbeing outcomes.

Our prevention work also focused 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.

During 2022/23 we:

- Launched our National Water Safety Project, an initiative that supports Scotland's drowning Prevention Strategy, following a rise in water fatalities during 2021/22.
- Created a new Drowning and Incident Review (DIR) process, in conjunction with the Royal Society for the Prevention of Accidents, with the principal aim of gathering all relevant data and information to help gain a better understanding of how we can prevent similar incidents from occurring.
- Established Partnership Approach to Water Safety (PAWS) Groups in approximately 80% of Local Authority areas in Scotland and created a wide range of educational resources to support our teams across Scotland to deliver water safety messaging and initiatives.
- Worked closely with our partners to identify and assist those who need more help within our

communities. We provided our people with the support and guidance to help them identify, and act on, where appropriate, wider health and social care considerations. This included resources and additional training to support our staff such as guidance notes on safeguarding adults and children; hoarding; domestic abuse; human trafficking and exploitation; dementia; and engaging with refugees and asylum seekers.

- Published a new Fire Safety Enforcement Procedure, following completion of external and independent audit recommendations.
- Reviewed and updated our Unwanted Fire Alarm Signals Incident Procedure to prepare for the planned amendment to our response to fire alarms in commercial business and workplace premises following extensive research and a public consultation. A change which aims to significantly reduce attendance and involves our Operations Control teams challenging calls originating from Automatic Fire Alarm System (AFA) activations in premises where there is no sleeping risk to ensure the call is not a false alarm.
- Continued to develop our Youth Volunteer Scheme (YVS) which helps create opportunities to empower and improve the life chances of young people. This year saw the established YVSs being restarted following Covid-19, and there were an additional 12 schemes launched across the country.
- Identified a Road Safety Champion for each Local Senior Officer area to ensure best practice and delivery of consistent local and national messaging.

There were also some key actions that we didn't manage to complete within the year as scheduled:

- We planned to agree and implement a SFRS specific Fire Safety Enforcement (FSE) Competency Framework to align with national guidance, however, the completion of this action was delayed as we had been reliant in information from a third party. This work will continue throughout 2023/24.

OUTCOME 2 RESPONSE

Communities are safer and more resilient as we respond effectively to changing risks.

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.

We maintained a strong presence across Scotland to help communities prepare for and recover from emergencies and together with our partners, assessed risks, prepared for and responded to significant threats and major emergencies.

During 2022/23 we:

- Developed core elements of the Service Delivery Model Programme, such as the Community Risk Index Model (CRIM), a Station and Appliance Review using the CRIM, and a review of Demand Based Duty Systems whilst reviewing our operational response footprint. This included evaluating potential change scenarios, such as the proposed temporary removal of appliances at selected locations across Scotland.
- Researched and prepared to introduce, following the Grenfell Tower inquiry, escape hoods and smoke curtains to reduce the chances of smoke inhalation and stop the spread of smoke whilst members of the public are being rescued or escaping from incidents, particularly in high rise buildings.
- Established a project to standardise thermal imaging equipment with an initial £100,000 investment to purchase 60 thermal imaging cameras for frontline appliances across the Service.
- Introduced a programme to replace hydraulic rescue equipment with battery powered equipment to prevent high pressure injection injuries with 104 equipment sets being distributed during the year and an additional 30 included with new appliances.
- Designed specifications for and purchased 20 new medium weight appliances which have been specifically designed to allow a fully capable and equipped rescue pump on a smaller vehicle and to operate within the rural and remote areas of the Service.
- Received delivery of seven new 18-tonne rescue pumps as part of the appliance replacement process which has seen the replacement of most of the appliances in wholetime stations across the Service, including those in the new low emission zones.
- Agreed options to remove older High Reach Appliances and introduce an improved model consisting of a fleet of staffed dedicated height appliances complementing more agile pumping appliances.
- Completed the replacement of our Wide Area Network (WAN) improving connectivity, bandwidth and reliability to all SFRS locations.
- Worked in partnership with London Fire Brigade to deliver a National Interagency Liaison Officer (NILO) course to tri-Service partners in order that NILOs can advise and support Incident Commanders, Police, medical, military and other government agencies on the SFRS operational capacity and capability to reduce risk and safely resolve incidents.
- Commenced delivery of the Joint On-Scene Incident Command training through a collaborative approach with Police Scotland and the Scottish Ambulance Service to embed a doctrine of the Joint Emergency Services Interoperability Principles (JESIP) and provide significant benefits for shared understanding in partnership working at incidents.

There were also some key actions that we didn't manage to complete within the year as scheduled:

- Delivery of our Document Conversion Project - a project to review, replace, and produce an updated suite of operational documents that will provide risk critical information and operational procedures to staff on the frontline – was delayed. Although substantial work has progressed, the delivery platform on which the documentation will be housed was not available when originally planned. Work will continue into 2023/24 until the action is delivered.
- There was a delay in the delivery of our Year 1 programme for the implementation of digital fireground radios as an additional cable requirement was identified. This work will continue throughout 2023/24.

OUTCOME 3 INNOVATION AND MODERNISATION

We value and demonstrate innovation across all areas of our work.

Innovation is about new processes and new ways of doing things and as one of our core values it is something we strive to embed into how we work and operate. It allows us to look at the equipment we use or the services we provide and renew or update them by applying new processes, techniques or implementing new ideas that lead to improvement and modernisation.

During 2022/23 we:

- Joined the Innovation Exchange where we met with partners from National Health Service, Police and Ambulance to discuss and share innovation themes, practices and experience to help develop our approach to future innovation, research, and development.
- Worked closely with our Scottish Ambulance Service colleagues to consider new ways of working to ensure the safety of the public and our people. This included the development and implementation of a Clinical Governance Framework for policies, procedures, training or equipment for the provision of casualty care.
- Supported the development of an Artificial Intelligence (AI) empowered Smart Firefighting Helmet which has been developed by researchers from the National Robotarium, a world-leading centre for robotics and AI, hosted by Heriot-Watt University and the University of Edinburgh. The helmet uses cutting-edge AI to provide wearers with real-time information that can help detect casualties, recognise Breathing Apparatus wearers, navigate hazardous environments, and provide an accurate understanding of their own location.
- Carried out a procurement exercise for digital fireground radios to replace the existing analogue radios used on the incident ground which will improve fireground communications and contribute to the safety of operational crews.
- Began exploring opportunities to develop Virtual Reality Simulator technology to augment driver training.
- Published the SFRS Digital Strategy to help continue the post-pandemic evolution of our digital services and environment, building on existing successes and working towards embedding a digital first culture within the SFRS.
- Worked with the Emergency Services Mobile Communication Programme, established to deliver new communications services, to develop an early implementation of fixed-vehicle devices to provide connectivity to our fleet whilst mobile, providing live data to crews on route and on the incident ground.
- Supported our Virtual Reality (VR) community safety resource with the purchase of Wi-Fi dongles and laptops to enable our teams to deliver safety messages across Scotland. The software continues to be expanded as new safety issues and trends are identified.
- Delivered a new and revised On Call recruitment and selection process which included a Pre-Recruitment Engagement Programme (PREP) that provides one-to-one support to help candidates prepare for the fitness assessment and practical selection tests.

There were also some key actions that we didn't manage to complete within the year as scheduled:

- The further development of our in-house Health and Safety Management Information System was delayed due to capacity within our ICT department. This work will continue into 2023/24.

OUTCOME 4 CLIMATE CHANGE

We respond to the impacts of climate change in Scotland and reduce our carbon emissions.

As climate change continues to accelerate, we have been on the front line in responding to the impacts of climate change in Scotland, including extreme weather events which have led to flooding and wildfires. As well as responding to the impacts of climate change, we are committed to the reduction of our own carbon emissions.

During 2022/23 we:

- Continued to deliver our Wildfire Strategy to develop and enhance our wildfire capability, making significant investment in vehicles and training to ensure that firefighters have the tools they need to manage wildfires effectively and safely.
- Identified 25 dedicated wildfire stations and have procured a range of vehicles and equipment including: dedicated Personal Protective Equipment (PPE) ensembles, all-terrain vehicles, 4x4 vehicles and trailers, and additional support vans.
- Trained at our specialist stations and placed additional staff on a developmental pathway to supplement the existing wildfire cadre. This will also be bolstered by a minimum of 12 Wildfire Tactical Advisors who provide specialist advice across the country.
- Worked with “Fire Break Services” to ensure that Wildfire Danger Assessments (warnings) were distributed widely and brought to public attention through promotion by the SFRS and mainstream media channels.
- Delivered a programme of roof mounted solar photovoltaic panels on 20 of our community fire stations which will provide renewable energy for the stations, reducing consumption of grid sourced electricity and each location’s carbon footprint.

- Installed and upgraded building heating controls on 31 stations across Scotland which will allow us to remotely monitor, zone and control building heating whilst improving local control and comfort levels for the building users, significantly reducing the volume of energy that is used, each location’s carbon footprint and associated energy costs.
- Continued our programme of on call fire station energy efficiency upgrade packages which offer a holistic approach to decarbonising the stations and included a replacement of gas fuel boilers with electric alternatives, heating control upgrades, and insulation improvements.
- Secured several grants to assist in the funding of our electric vehicle infrastructure contributing towards the aim of transitioning to net zero and have raised instruction for this work at 90 sites.
- Commissioned, with funding from Transport Scotland, our first electric powered fire appliance which has the same capability and equipment as the diesel model, but it is estimated that it will reduce emissions by 66% compared with the diesel appliance.

There were also some key actions that we didn’t manage to complete within the year as scheduled:

- We were unable to implement some Year 2 actions from our Carbon Management Plan 2020-2025 due to limited funding by either grant or internally allocated capital. The SFRS was successful in applying for grant funding totalling just under £2 million from the Scottish Government’s Public Sector Decarbonisation Scheme which was combined with £1 million of internal investment. However, at the end of year three of the Service’s Carbon Management Plan our current total investment to date is £11,429,000, which is significantly below our original planned investment of £27,489,374.

OUTCOME 5 EFFECTIVE GOVERNANCE AND PERFORMANCE

We are a progressive organisation, use our resources responsibly and provide best value for money to the public.

As a progressive and fully accountable public sector organisation, we are committed to managing our finances responsibly to ensure that we provide the best value for money to the public.

During 2022/23 we:

- Continued to review the funding envelope and the efficiencies required to achieve the potential savings options following the Scottish Government's Resource Spending Review, which indicated a flat cash budget for resource and capital spending for the period 2023/24 to 2026/27.
- Carried out significant planning work under the Strategic Service Review Programme to provide a package of future change proposals which will identify how we need to change as a Service to achieve the Outcomes of our Strategic Plan 2022-25 and our Operational Strategy, whilst easing the emerging financial challenges we face.
- Developed a Strategic Prioritisation Method which provides a structured and consistent approach to decision-making in relation to complex change initiatives that align with our strategic priorities, ensuring the right projects are being prioritised and that public funds are being used to deliver efficient and effective public service.
- Implemented the Business Change Life Cycle, with an accompanying governance model, enabling a consistent and repeatable approach to the identification, evaluation and prioritisation of change within the organisation.
- Planned and prepared for implementation of a four-stage Benefits Management and Realisation Toolkit to support the prioritisation of major change projects and the realisation of investment value for the SFRS.

This framework captures lessons learned, understands performance and measures success of change initiatives and work has also begun to digitise this process.

- Continued to deliver against the priorities of our Business Intelligence Strategy with half of the identified priorities now progressed through the adoption of a new business analytics solution, "Power BI". This included the commencement of the rollout of "Power BI" with the release of two products which now actively support regular performance management, governance, and scrutiny, as well as day-to-day activity and decision-making.
- Undertook work to develop data literacy skills amongst staff by holding a Data Literacy Conference to aid formation of a data-literate workforce.
- Developed a suite of Strategic Asset Management Plans (SAMPs) for fleet, equipment, and property services and developed plans for an overarching Asset Management Strategy which will accompany the Strategic Asset Management Plans. These plans support our ambition to be accredited to the International Organisation for Standardisation (ISO) 55001 Asset Management Standard.

There were also some key actions that we didn't manage to complete within the year as scheduled:

- Development of the Service Improvement Strategy was delayed due to a reduction in resources to complete the task. This work will continue into 2023/24.
- Implementation of a Management of Value Framework was delayed due to budget and resource constraints. This work will continue into 2023/24.
- Our plans to procure and implement a Security Information and Event Management solution was delayed as it was subject to the approval of a financial business case. This work will continue into 2023/24.
- The completion of the work to explore opportunities to consolidate Local Government Pension Scheme membership was delayed. This task was due to be completed by March 2023, however, this work was carried forward into 2023/24.

OUTCOME 6 PEOPLE

The experience of those who work for SFRS improves as we are the best employer we can be.

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.

During 2022/23 we:

- Agreed a refreshed Working Together Framework with each of our representative bodies, following a review of the Service's partnership working arrangements, which ensures we continue to have effective channels for employee voice and partnership working.
- Developed and communicated the SFRS Employee Engagement Framework and launched an initial Agile Working Framework, with further planning work being undertaken for the next Service-wide Staff Survey which is planned to take place at the end of 2023/24.
- Held stakeholder workshops to enhance our job evaluation arrangements and Reward and Recognition Strategy for support staff, helping address recruitment and retention challenges being experienced due to the highly competitive external labour market.
- Reviewed the Pay Gap between male and female employees, as well as those experienced by employees from the Black and Ethnic Minority communities and employees with a disability.
- Launched the SFRS Recognition Scheme and received a total of 580 nominations with 126 employees receiving a recognition award and a further 322 employees receiving recognition via a thank you card.
- Continued work to try to provide our people with the dignified work facilities that they deserve. This included the reconfiguration and refurbishment of Inverness and McDonald Road Community Fire Stations in line with the Standardised Station Design, and ongoing building work to deliver the Cambuslang Asset Resource Centre (ARC) amalgamating Glasgow Fleet workshop and Hamilton Equipment stores and

providing office accommodation for some of our staff.

- Gained approval for two physiotherapists to enable better support for staff suffering from musculoskeletal injuries, helping to address one of our leading causes of absence and allow occupational health and fitness practitioners to work collaboratively to provide effective care.
- Enhanced training of 165 volunteers as Wellbeing Champions to offer mental health peer support to colleagues. These Champions share and promote wellbeing campaigns and initiatives at a local level and the key aim is to improve signposting to mental wellbeing support services for employees who are in need.
- Undertook work with regards to the emerging research by Professor Anna Stec of the University of Central Lancaster (UCLan) which signals that firefighting has been reclassified as a carcinogenic occupation. This included collaboration with the Fire Brigades Union (FBU) to determine the Service's response and the completion of a gap analysis which resulted in a Contaminants Policy, Operational Guidance and a Contaminants Management Arrangement to introduce robust procedures to mitigate the risk of harmful fire effluents.
- Implemented a new online Learning Needs Analysis system which has improved the quality of data, reduced analysis time and provides a dashboard presentation of the Service's learning requirements.

There were also some key actions that we didn't manage to complete within the year as scheduled:

- The consultation and implementation of our new Management of Operational Risk Policy and Operational Guidance was delayed and an alternative approach for addressing the enhancement of the management of risk to safety within the operational environment was made which includes completed reviews of Dynamic Risk Assessment/Analytic Risk Assessment arrangements, training, and development of a Safety Culture Strategy that will be delivered in 2023/24.

OUTCOME 7 PARTNERSHIPS

Community safety and wellbeing improves as we work effectively with our partners.

Partnership working remains at our core and with teamwork being one of our core values, we will continue to work closely with our partners, including other fire and rescue services throughout the UK and internationally, to improve the wellbeing of communities and the safety of our staff.

During 2022/23 we:

- Published the second *SFRS Working in Partnership* document which features some of the wide-ranging partnership and collaborative activities that have taken place throughout the year and highlights opportunities to share innovation and best practice throughout the Service. The document includes examples of over 70 active partnerships where we worked together to provide benefits for the people of Scotland and potential savings for the Service through shared resources.
- Continued membership in the Reform Collaboration Group (RCG) which provides an over-arching approach to working with our blue-light emergency partners and is formed of Chairs and Chief Officers of all three emergency services and works to oversee a strategic approach to building collaboration.
- Undertook an exercise to explore the level of alignment between the organisational strategies of all three emergency services to identify common themes from which a core set of RCG collaborative principles and priorities were developed to add value to all three services as we progress in delivering our outcomes and objectives to meet the challenges posed by the Resource Spending Review.
- Developed an RCG Risk Management Framework to manage the risks generated by an ever changing and challenging environment and enable better collaboration, innovation and aspiration whilst actively managing risk through a range of measures to ensure our priorities are met.
- Maintained our partnership with Career Ready to support the social mobility and empowerment of young people to reach their potential which is targeted towards young people who have a disadvantage arising from their home life and provide them with support and guidance in making the transition from school to work life or further/higher education.
- Participated in a number of external partnership arrangements around themes of equality, diversity and inclusion, including working in partnership with Who Cares? Scotland and other corporate parents to share good practice and to identify opportunities for aligned ways of working as it relates to supporting care experienced young people.
- Participated in two equality themed cross-justice sector working groups to consider ways to improve the capture of race-related service data and to capture employment equalities data across all characteristics.
- Started to jointly review the recommendations of the Manchester Arena Inquiry with Police Scotland and Scottish Ambulance Service to identify common areas of work relating to the multi-agency joint doctrine, preparation and communication.
- Continued to identify areas, as a member of the Emergency Services Training Collaboration Group, where blue light partners can collaborate in the delivery of training, including areas such as Incident Command, Driver Training and Specialist Rescue which has already seen the delivery of tri-service collaboration in Emergency Response Driver refresher training and Breathing Apparatus training.

SUSTAINABILITY REPORT

In this section we consider our environmental, economic and societal impact in line with the *[National Performance Framework](#)*.

ENVIRONMENTAL SUSTAINABILITY

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

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

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'. It details how and where the savings will be made, outlining the first phase of

projects focusing on energy efficiency and building controls and 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.

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

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

Energy Consumption and CO₂ Emissions

Our carbon footprint for the 2022/23 financial year was calculated at 14,217 tCO₂e. This is 9,109 tCO₂e lower than the carbon footprint of 23,326 tCO₂e for the 2015/16 Climate Change baseline year, however only 42 tonnes lower than 2021/22. As a result, we have missed our 22/23 reduction target by 333 tCO₂e.

Our target of reducing emissions by 60%, from our 2015/16 baseline, by 2030 requires us to find savings of 1,400 tonnes of CO₂e each year. Our carbon emissions are split between three primary sources, electricity use in our buildings, burning natural gas for heating and hot water and fuel for our fleet.

During 2022/23 the CO₂e emissions derived from our electricity use reduced by 525 tonnes CO₂e (12.2%), when compared to 2021/22. This was driven by the Carbon Management Plan projects that have been delivered across our estate in recent years and behavioural change initiatives that have been driven across the Service.

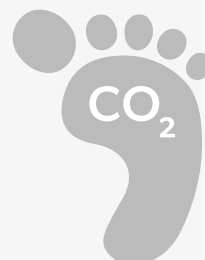
The CO₂e emissions that are derived from natural gas use reduced by only 30 tonnes CO₂e (0.6%) in the last 12 months. There are several reasons that these emissions have not reduced as significantly as our electricity derived emissions. The primary reason is that our 74 wholetime stations are our most energy intensive buildings and their heating and hot water is provided by gas fuelled boilers. As the winter of 2022/23 was considerably colder than 2021/22, these boilers were burning more gas to heat the buildings. In addition to this, the works associated with replacing these gas boilers with low carbon alternatives are complex and expensive, with no little to no financial payback.

The final and most problematic source of our carbon emissions is our fleet, specifically our fire engines. During 2022/23 our fleet derived emissions increased by 378 tonnes CO₂e, despite the introduction of over 170 electric vehicles in our light fleet.

As there is currently not a readily available low carbon solution for our diesel fuelled fire engines, and that their use is driven by operational requirements, we are limited in what

Reduction in carbon footprint from 2015/16

-39.1%



Reduction in electricity and gas consumption in 2022/23

-12.5%



we can do to reduce these emissions. When a fire engine is at an incident the engine is running at full torque to pump water to the hoses. Therefore, prolonged incidents such as wildfires and waste depot fires, require significant volumes of diesel to be burned for hours, sometimes days at a time to keep the water pumping.

As a result, operational activity drives our carbon emissions when it comes to fleet fuel use, and we are limited in what we can do to mitigate this. The changes to how the Service responds to Unwanted Fire Alarm Signals will have a positive impact upon our emissions and it is expected that the number of unnecessary journeys made by appliances will reduce significantly.

Delivery of Carbon Management Plan Projects

The necessity to adapt our estate to cope with extreme weather events caused by climate change is becoming increasingly more pertinent each year.

Many climate change mitigation projects also offer climate change adaptation benefits. Examples of this include works to improve building fabric insulation, the introduction of solar panels to buildings and upgrades to building heating controls, all of which are continuing to be delivered as part of our Carbon Management Plan.

Roof Mounted Solar Photovoltaic (PV) Arrays

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

During 2022/23 we installed a further 33 roof mounted solar photovoltaic arrays to our buildings, bringing our total to over 70 arrays across our estate.

Retained Station Energy Efficiency Upgrades

We also continued our Retained Station Energy Efficiency programme during 2022/23. These works involve a holistic decarbonisation approach that includes replacing gas boilers with electric equivalents in our retained stations, whilst upgrading the building heating controls, insulation and installing solar photovoltaic (PV) arrays.

Building Heating Controls

Our programme of upgrades to building heating systems and controls was also continued through 2022/23, with a further 30 retained stations receiving upgrades. These upgrades provide a number of benefits as they allow remote access and monitoring of a station's heating system,

helping to reduce energy waste, whilst improving the working environment for crews and reducing time and costs associated with visiting stations to make manual adjustments. These upgraded building heating controls offer efficient energy use and give local crews more control on the building environment during extreme winter and summer weather.

Electric Vehicle (EV) Charger Installations

Our electric vehicle charging network expanded further during 2022/23 with an additional 90 chargers installed across our estate. This programme of works achieved our target of having electric vehicle charging points at all Wholetime and Rural Wholetime Officer Stations where the existing electrical capacity would permit. It should be noted that there are no remaining sites within our existing estate that have the required electrical capacity to install EV chargers and any additional EV charging infrastructure will require new grid connections involving further planning and significantly more funding to achieve.

Carbon Management Plan Funding Sources

The SFRS was successful in applying for grant funding totalling just under £2 million from the Scottish Government's Public Sector Decarbonisation Scheme which, combined with £1 million of internal investment, funded the above noted projects. However, at the end of year three of the Service's Carbon Management Plan our current total investment to date is £11,429,000, which is significantly below our original planned investment of £27,489,374.

When our Carbon Management Plan 2020-25 was drafted in early 2020 the total estimated value of the projects outlined within it amounted to £48,381,426. Due to significant inflation in the intervening period this initial total is now some 20% below the real terms investment required to deliver the same projects, further risking the achievement of our planned reduction targets within the prescribed timescales.

Reduction in the volume of waste produced since 2019/20

-22%



Recycling Rate

40%



Waste Management

The total recorded volume of all waste produced across the SFRS estate in 2022/23 was 780 tonnes, a 22% reduction in the volume of waste produced since our initial baseline reporting year 2019/20, and a 13% reduction from 2021/22. It is worth noting that there have been issues with a contractor's vehicles accurately weighing waste from sites, resulting in an increase in zero waste collected reads, which has contributed to the significant decrease in the total volume of waste produced across the SFRS.

This total volume of waste includes all waste from scheduled and ad hoc waste uplifts across our stations, corporate sites, workshops, stores and training centres, and any special waste materials. Our recycling rate for 2022/23 has remained consistent at 40%.

The volume of waste sent to landfill in 2022/23 was 101 tonnes, which is a 4% decrease compared to the last financial year with a 19% reduction since 2019/20. The reduction in the figure is limited to progression in the waste industry to provide services in remote and rural locations so that the waste does not go to landfill.

The SFRS Waste Policy and Strategy has now been published and distributed across the Service, with work now being implemented to meet our objectives. Within 2022/23 we have started sharing waste data with Local Senior Officers, carried out a number of site visits, supported stations to remove desk bins and install more recycling bins, Sodexo has started carrying out waste audits and three articles have been published within the Weekly Brief to encourage recycling and communicate the new policy and strategy.

Water Management

Previously, in 2021/22 we recorded our baseline year for water consumption at sites with automatic meter readings (AMR), this was recorded at 89,738m³. During 2022/23 we saw a 17% increase in the total volume of water consumed at our automatic meter reading sites, however there were seven sites with bursts or leaks which contributed to this increase as well as three meter issues. Excluding these sites, we have seen a 7% reduction in the total volume of water consumed, equalling 4,425m³.

The Service applied to Scottish Water to review our property drainage charges at Clydesmill Fire Station, due to a recent change in legislation where we can now apply for drainage to be based on area, rather than on rateable value. The application was successful and has resulted in an annual saving of around £44,000.

Reduction in the volume of water consumed at automatic meter reading (AMR) sites since 2021/22

(excluding sites with faults)

-7%



Biodiversity

The SFRS continues to support the Scottish Beekeepers' Association with their network of beehives across our estate. In 2022/23 we saw the addition of another community garden at Kilmarnock Fire Station. The community garden at Clydesmill Fire Station has continued to grow and now has a polytunnel for growing more fruit and vegetables, it has also hosted several community events throughout the year.

Due to a risk mitigation exercise, there was a need to remove 53 trees at Comrie Fire Station to protect the building and neighbouring properties. As a result, it was a requirement that we replant 159 trees within the area. The SFRS was successful in applying to the Woodland Trust for 420 trees whereby working with Comrie Development Trust we were able to plant a hedge at Cultybraggan Camp. The hedge was made up of several wildlife attracting trees and creates a wildlife corridor through the site, joining up with other woodland areas.

Fire Fighting Foam Management

Legislation changed on 1 January to limit the use of any firefighting foam containing perfluorooctanoic acid (PFOA). This change in legislation means that the SFRS can no

longer use C8 Firefighting foam unless it can be contained. The SFRS has so far disposed of around 35,000L with approximately 6,300L still to be disposed of alongside a further 7,000L in integrated tanks. Further work is currently underway into a service wide audit of foam fire extinguishers.

Business Travel Emissions

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

During 2022/23 our Scope 3 business travel emissions increased to 581 tCO₂e, a rise of 63 tCO₂e on the 2021/22 figures. The rise has been driven by increased hotel stays due to a large recruitment and training drive during the year.

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

Contributing to the National Performance Framework:

- Environment
- Communities

Contributing to the Sustainable Development Goals:

- Responsible Consumption and Production
- Affordable and Clean Energy
- Climate Action
- Life Below Water
- Clean Water and Sanitation
- Life on Land

ECONOMIC SUSTAINABILITY

We recognise that a strong, competitive economy is essential to supporting jobs, incomes and our quality of life. We also know that our economy must be environmentally sustainable, inclusive and benefit all our people and communities. We continue to work to create the conditions through which to achieve these commitments alongside economic growth.

Sustainable Procurement

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

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

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

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

Our [Procurement Strategy 2021-2024](#) was published in April 2021 and is reviewed on an annual basis and adjusted to ensure that it remains current to the challenges faced by the SFRS.

The consideration of socioeconomic impact is embedded in the SFRS procurement activity, and we include the consideration of community benefits in all relevant procurement activity and use these to deliver wider benefits for the communities which we serve.

Our procurement activity is undertaken in a manner which facilitates the involvement of small and medium-sized

enterprises (SME), Supported Business and Third Sector bodies. We continue with our membership of the Supplier Development Programme (SDP) which consists of Local Authorities, Scottish Government and a range of other public bodies working together to ensure that small and medium-sized enterprises and local suppliers are provided with the opportunity to access our procurement activity. We continue to actively support the Supplier Development Programme initiatives and attend national and regional Meet the Buyer events.

The SFRS is currently engaging, through our Local Senior Officers, 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 continues to support Local Senior Officers to provide subject matter expertise as part of these projects.

The SFRS has successfully introduced Project Bank Accounts in relevant procurement projects in previous years and this has continued with the West Asset Resource Centre Project. Future projects have been identified by the SFRS Property Team as being relevant for the inclusion of Project Bank Accounts which are designed to pay sub-contractors at the same time as main contractors in relevant procurement activity.

Our procurement activities continue to promote and explore opportunities to engage with the Supported Business and Third Sector. During the reporting period there was a spend of £42,000 excl. VAT with this sector through existing arrangements. We continue to work in partnership with the Scottish Prison Service on a contract for Storage Solutions which provides opportunities within the care of the Scottish Prison Service to gain valuable social skills and realistic work skills to enhance employability prospects.

We are members of the Scottish Fair-Trade Forum, which supports Scotland's aim to remain a vibrant Fair-Trade Nation and works to ensure that the principles of Fair Trade are embedded in all aspects of Scottish society.

We support the Scottish Government's goal to become net zero by 2045. The SFRS has pledged to cut carbon emissions by 6% per annum until 2030 which equates to an 80% overall reduction. To support this, we are investing in renewable technologies to reduce waste energy. Working

with our contractors this has involved the installation of smart energy controls, retained station energy packages, low carbon heating, pollution prevention measures and solar panels in our properties.

We commissioned our first low carbon fire appliance supported by Scottish Enterprise and Transport Scotland and built by Emergency One with the appliance being displayed at the Emergency Services Show in Birmingham and Interschutz in Germany.

Through continued funding provided by the Scottish Government's Switched on Fleets initiative for the procurement of electric vehicles and charging infrastructure, we have continued to invest in both our electric fleet and associated infrastructure with 65 sites having provision for electric vehicle charging.

The SFRS is an Accredited Living Wage employer and through our procurement activity, we recognise that inviting suppliers to adopt fair working practices will reduce inequalities and develop a more inclusive and sustainable society. We are committed to developing our requirements further to include mandating the payment of the Real Living Wage where it is relevant and proportionate.

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

You can read more about our commitment to sustainable procurement in our Annual Procurement Report 2022/23.

Workforce Sustainability

The Service has faced challenges in its ability to recruit and retain Uniformed staff since March 2020 due to the Covid-19 pandemic, compounded latterly by changes to the Firefighters' Pension Scheme (FPS) which has significantly impacted the forecasted retirement profile. This, coupled with a highly competitive labour market in relation to corporate staff roles has impacted the ability of the SFRS to maintain establishment levels across all staff groups.

The People Directorate is modelling and reviewing scenarios to inform flexible workforce plans that can respond to changes in the retirement profile as the pension scheme deferred choice underpin is applied from October 2023.

Anti-Fraud and Corruption

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

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

Contributing to the National Performance Framework:

- Economy
- Fair Work and Business
- International

Contributing to the Sustainable Development Goals:

- Decent Work and Economic Growth
- Industry, Innovation and Infrastructure

SOCIETAL SUSTAINABILITY

We continue in our aspiration to be a world leading fire and rescue service and in order to do this we strive to embed equality, diversity, human rights and inclusion in everything we do.

Key pieces of work this year included:

- A review of the Equality and Human Rights Impact Assessment Process.
- Creation of a Cross-Justice Sector Working Group on Race and Workforce.
- Revision of our [Positive Action Strategy 2019-22](#) and creation and pilot of a Positive Action Toolkit.
- Engagement with local community groups to create interventions based on local community profiles including Black, Asian, Minority Ethnic, migrants, refugees and asylum seekers.
- Creation of a guide to support employees and their line managers who are in the process, or considering, transitioning their gender.
- Preparing a [Mainstreaming Report](#) and providing an update on the progress against our Equality Outcomes.
- Preparing a revised [Gaelic Language Plan 2023-26](#).
- Renewing and publishing our [Corporate Parenting Plan 2023-26](#).
- Delivery of Attendance Management training sessions to new and promoted managers.
- Investment in employee health and wellbeing to provide a 24/7 counselling service and post-incident services and continued delivery of mental wellbeing training delivered by Lifelines Scotland.
- Introduction of a network of Mental Wellbeing Champions, providing peer support across the Service.

Contributing to the National Performance Framework:

- | | |
|-----------------------------|----------------|
| • Children and Young People | • Health |
| • Fair Work and Business | • Culture |
| • Communities | • Human Rights |
| • Education | |

Contributing to the Sustainable Development Goals:

- | | |
|-----------------------------|------------------------|
| • Good Health and Wellbeing | • Gender Equality |
| • Quality Education | • Reduced Inequalities |



ROSS HAGGART
Chief Officer

Scottish Fire and Rescue Service
15 December 2023

Scottish Fire and Rescue - Dundee OC

Highlands and Skye

East Highlands

Orkney

Shetland

Reasay 13476 04	Staffin T93P6 01	Thurso S20P6 04	Granttown S30P6 04	Rousay V20P6 S1	Yell W20P6 04
Uig T2776 04	Dunvegan T31P6 04	John o' Groats S91P6 04	Axtomore S30P6 04	Westray V20P6 04	Unst W20P6 04
Portree T20P6 04	Broadford T20P6 04	Wick S20P6 04	Kingussie S27P6 04	Papa Westray V20P6 04	Fellat W20P6 13
Kyle of Lochalsh T28P6 04	Glenelg T2276 04	Fort Augustus S30P6 04	Foyers S30P6 04	North Ronaldsay V20P6 04	Whalsay W20P6 04
Mallaig T20P6 04	Acharacle T20P6 04	Drumnadrochit S20P6 04	Cannich S21P6 04	Sanday V20P6 04	Bressay V20P6 S1
Kilchoan T2476 04	Lochaline T20P6 04	Lybster S20P6 04	Balnore S21P6 04	Eday V20P6 04	Lerwick W20P6 02
Stronian T20P6 04	Fort William T31P7 04	Inverrochan S30P6 04	Cromarty S20P6 04	Strongay V20P6 04	Kyonsay V20P6 04
Kinlochleven T20P6 04	Bearry S33P6 04	Garroch S31P7 04	Carbridge S20P6 04	Shapinsay V20P6 04	Sandwick K20P6 04
	Harron S31P7 04	Nellybridge S64G8 13	Newtonmore S20P6 04		Sumburgh V20P6 04
					Scalloway W20P6 04
					Unst W20P6 04
					Kalls W20P6 04
					Brae W31P6 04
					W31P7 04
					Hillswick W30P6 04
					Fair Isle W30P6 04



ACCOUNTABILITY REPORT

In this section of the report we set out:

Our Corporate Governance Report, including:

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



DIRECTORS' REPORT

The SFRS presents its Annual Report and Accounts for the year from 1 April 2022 to 31 March 2023. 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, firefighting, attending road traffic collisions and dealing with other types of emergencies. The SFRS also works with partner agencies to be prepared for major emergencies and disruptive challenges.

CHIEF OFFICER AND BOARD MEMBERS:

Chair:	Kirsty Darwent
Deputy Chair:	Fiona Thorburn
Chief Officer:	Martin Blunden (until 30 June 2022 and left the Service 31 August 2022)
	Ross Haggart (appointed in interim post from 1 July 2022 and permanent role 2 March 2023)
Accountable Officer:	Ross Haggart (from 21 March 2022)
Board Members:	Tim Wright Nick Barr (retired 31 July 23) Brian Baverstock Mhairi Wylie Malcolm Payton Lesley Bloomer (retired 31 July 23) Stuart Ballingall Steven Barron Angiolina Foster Paul Stollard

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:	Martin Blunden (until 30 June 2022 and left the Service 31 August 2022)
	Ross Haggart (appointed in interim post from 1 July 2022 and permanent role 2 March 2023)
Accountable Officer:	Ross Haggart (from 21 March 2022)
Deputy Chief Officer:	Stuart Stevens
Interim Deputy Chief Officer – Corporate Services:	Liz Barnes
Director of Service Delivery:	David Farries
Director of Training, Safety and Assurance:	Andrew Watt
Director of Service Development:	David Lockhart
Director of People:	Liz Barnes
Acting Director of Finance and Procurement: ¹	John Thomson
Acting Director of Asset Management: ¹	Iain Morris
Director of Strategic Planning, Performance and Communications:	Mark McAteer

¹ John Thomson and Iain Morris are in Acting Director posts during the secondment of Sarah O'Donnell (substantive Director of Finance and Contractual Services) to the Scottish Government from 12 April 2021 to 1 November 2023.

Financial Performance

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

The cash GiA drawn down in financial year 2022/23 was £335.966 million for both resource and capital purposes against a cash Departmental Expenditure Limit (DEL) budget of £328.147 million. The variance arose as a result of the timing of receipt of the VAT reclaim from HMRC and from variations in the working capital requirements due to changes in year-end creditors and accruals.

Our key measure of financial performance is the comparison of expenditure against Departmental Expenditure Limit (DEL) funding provided by the Scottish Government.

The Resource DEL variance of £1.355 million for the year ended 31 March 2023 relates to a combination of factors noted in the following table and explained further in the subsequent narrative and Note 22.

	Budget £000s	Outturn £000s	Variance £000s
Employee Costs	237,460	237,715	(255)
Operating Costs	57,485	58,337	(852)
Income, including disposal of assets	(1,711)	(1,463)	(248)
Total	293,234	294,589	(1,355)

The impact of the pay settlement in response to the cost of living crisis combined with projects to replace a number of critical systems resulted in overspends within employee costs. These overspends were partly offset by the impact of the pension remedy, which resulted in an increase in retirements during the year. On Call staff payments were lower and a reduction in the number of ill health retirements also helped to minimise the overspend.

Operating costs overspent mainly due to the increase in world-wide fuel prices. Additional inflationary pressures combined with increased insurance claims also contributed to the overspend.

There was an under recovery of income related to payments due from the Modern Apprenticeship Scheme. After an internal audit review, corrective actions agreed with respective Directorates are being progressed and reported on.

The Capital DEL budget underspent by £0.002 million, due to Right of Use Assets Lease payments being lower than forecast.

The SoFP shows net liabilities of £2.620 billion (£4.773 billion in 2021/22), a decrease of £2.153 billion. The significant difference between the two years is mainly due to actuarial gains of approximately £2.2 billion experienced during 2022/23 (losses of £276 million in 2021/22) in relation to the Pension schemes that the SFRS participates in.

The substantial value of net liabilities is mainly due to the inclusion of liabilities related to defined benefit pension schemes required by International Accounting Standards (IAS) 19 – Employment Benefits. 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 2023/24 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 IAS19. These are reflected in Total Comprehensive Net Income before Grant from the Scottish Government of £1.817 billion for financial period 2022/23 (Net Expenditure of £653 million in 2021/22), as shown in the Statement of Comprehensive Net Expenditure (SoCNE) in the Annual Accounts section of this document. The main factor contributing to the movement of £2.470 billion between the two years is the impact of actuarial gains on pension disclosures included in the SoCNE. This does not represent cash transactions.

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.

You can read more information on financial performance in the Performance Overview at the start of this document and in the Annual Accounts section.

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 the 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.

Strategic Asset Management Planning

As the fourth largest Fire and Rescue Service in the world we have an asset portfolio worth around £500 million comprising land and buildings, including 357 fire stations, 1,620 fleet vehicles and thousands of items of operational equipment, all of which are critical to the effective delivery of services to our communities across Scotland.

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

In 2018 Audit Scotland recognised and reported a need for action in this regard and recommended, to bring its property, vehicles, and other assets across Scotland up to a minimum satisfactory condition and maintain them over the next ten years, the SFRS requires an average annual investment of £80.4 million.

Our core capital funding has remained at £32.5 million for the last seven years. As a minimum we need at least £60 million per annum in investment in our assets. The lack of increased funding and reduction in real terms not only impacts our ability to modernise our assets but increases the pressure on our resource budget as more reactive maintenance is required to fix problems in our ageing estate.

The Asset Management Department has developed a suite of Strategic Asset Management Plans (SAMPs) for fleet, equipment, and property services. An overarching Asset Management Strategy will accompany the SAMPs with an ambition for this to be accredited to the International Organization for Standardisation (ISO) 55001 Asset Management Standard.

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

Through the work on the Strategic Asset Management Plans we continue to highlight the requirement for greater capital investment.

Personal Data Related Incidents

During 2022/23, no personal data related incidents were reported to the Information Commissioner's Office (ICO). There were two personal data related incidents in the previous year (2021/22) which, after review by the ICO, required no further action.

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 2022/23 shows that 96% of invoices were paid within this timescale (98% in 2021/22). Process changes have been implemented to improve performance.

Independent Auditor and Professional Advisers

Under the Public Finance and Accountability (Scotland) Act 2000, auditors are appointed by the Auditor General. Audit Scotland has been appointed to carry out this duty for the year ending 31 March 2023.

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 2022/23 is £0.141 million (£0.114 million in 2021/22). No non-audit services were provided in this period.

Auditor

Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN

Actuaries

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

Hymans Robertson
20 Waterloo Street,
Glasgow, G2 6DB

Mercer
4 St. Paul's Square, Old Hall Street,
Liverpool, L3 9SJ

Government Actuary's Department (GAD)
Queen Elizabeth House, 1 Sibbald Walk,
Edinburgh, EH8 8FT

Banking

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

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

Bankers

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

National Westminster Bank
Government Banking CST,
PO Box 2027, Parklands, De Havilland Way,
Horwich, Bolton, BL6 4YU

Contact Us

We appreciate all comments and will ensure all feedback is kept confidential.

Scottish Fire and Rescue Service Headquarters,
Westburn Drive, Cambuslang, G72 7NA.

Accountable Officer: Organisation:

Ross Haggart
Chief Officer

Scottish Fire and Rescue Service
15 December 2023

A handwritten signature in black ink, appearing to be 'RH', written in a cursive style.

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.
- 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's assets, are set out in the Memorandum to Accountable Officers for Other Public Bodies issued by the Scottish Government and published as part of the Scottish Public Finance Manual.

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

Accountable Officer: Organisation:

Ross Haggart
Chief Officer

Scottish Fire and Rescue Service
15 December 2023



GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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 2022/23 the SFRS Board ('the Board') comprised of twelve Non-Executive Members including the Non-Executive Chair.

The Board

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

- The quality of the service being delivered and how this can be improved.

- Strategic decisions, including key areas for future development.
- Financial position and organisational performance, to ensure that the SFRS is in line with its targets and statutory obligations.

The Board has approved Standing Orders and a Scheme of Delegations (incorporating matters reserved to the Board) that outline the responsibilities for the Board, Chief Officer and Strategic Leadership Team 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 within the Annual Governance Review of Board and Committee related items.

During 2022/23 the Board met seven times in public using a blended approach of face-to-face meetings and virtual technology and made the minutes and papers of these meetings available on the [SFRS website](#). The Board also conducted four standalone meetings in private during this reporting period. Further to this, ten Board Strategy / Development / Information Days were held to support the effective and positive working relationships between

the Board and Strategic Leadership of the Service. These continue to inform the Board of key strategies, projects, work streams and organisational workloads and allow the Board the opportunity to engage at a Strategic level.

KEY HIGHLIGHTS OF THE BOARD DECISIONS DURING 2022/23:

- 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 Internal Audit Plan 2022/24 which sets out a timetable of the main reviews of key activities during 2022/24 that are intended to assist in ensuring effective governance and monitoring arrangements within SFRS.
- Approved the Annual Operating Plan 2022/23.
- Approved the Digital Strategy 2022-25.

For more information on Board decisions, you can read the [Annual Governance Statement](#) on our website.

Board Members

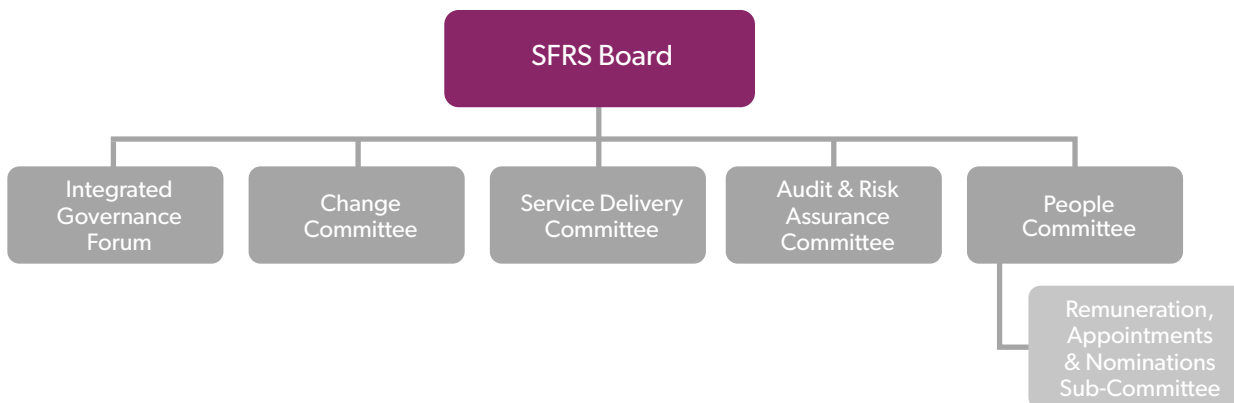
The biographies and interests of Board Members can be found on the [SFRS website here](#).

There were eleven meetings of the [Board](#) held during 2022/23, you can read who attended them [here](#).

Committee Structure and Coverage

During 2022/23 the Board had a committee structure comprising four standing Committees and one Sub-Committee, together with an Integrated Governance Forum. Each of these Committees/Forum have a Terms of Reference, which are reviewed annually and approved by the Board within the [Annual Governance Review of Board and Committee related items](#).

SFRS Board Committee Structure during 2022/23



Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance Committee 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 Audit and Risk Assurance Committee comprises five Non-Executive Members and during 2022/23 met three times in public, each of which included a private session, and one standalone meeting in private. The Chair of the Committee is Brian Baverstock. Following a review of Committee Structures and in line with best practice in refreshing membership, Paul Stollard was replaced by Board Member, Malcolm Payton, in May 2022.

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

Based on the Committee's work 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 Audit and Risk Assurance Committee's work during 2022/23 can be found [via this link](#) which takes you to their Annual Report to the Board and Accountable Officer.

There were four meetings of the [Audit and Risk Assurance Committee](#) held during 2022/23, you can read who attended them [here](#).

Change Committee (CC): Strategic Change and Major Projects

The Change Committee provides oversight and scrutiny of the Change Portfolio (Strategic Change and Major Projects) to assure consistency with the strategic direction set by the Board and effective resourcing, planning and delivery.

The Change Committee comprises five Non-Executive Members and during 2022/23 met four times in public, each of which included a private session, and one standalone meeting in private. 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 Programme, McDonald Road Refurbishment, West Asset Resource Centre, Service Delivery Model Programme as well as other projects such as Safe and Well, Low Carbon Appliance and Website/Intranet upgrading.

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 and project finance reporting also continued to be developed. Evaluation reports were produced which highlighted lessons identified and learned, for review and reflection within new projects.

The Service Development directorate provides Executive leadership and oversight regarding the Change portfolio and how it is managed.

Further highlights of the Change Committee's work during 2022/23 can be found [via this link](#) which takes you to their Committee Assurance Statement presented at the 12 May 2023 public meeting.

There were five meetings of the [Change Committee](#) held during 2022/23, you can read who attended them [here](#).

Service Delivery Committee (SDC)

The Service Delivery Committee's purpose is to scrutinise, monitor and review performance, and provide assurances to the Board relating to the quality of Service Delivery through operational efficiency and effectiveness, operational safety, and delivery of approved Prevention & Protection and operational strategies.

The Service Delivery Committee comprises five Non-Executive Members and during 2022/23 met four times in public, three of which included a private session. The Committee Chair is Nick Barr. The Deputy Chief Officer, Director of Service Delivery and Director of Training, Safety and Assurance, as well as other Senior Managers, were invited to attend the meetings as appropriate.

His Majesty's Fire Service Inspectorate (HMFSI) continue to attend the Service Delivery Committee, primarily to monitor progress against the Service Delivery Committee aligned HMFSI action plans, but also from a general Service Delivery business perspective across the Service.

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

Further highlights of the Service Delivery Committee's work during 2022/23 can be found [via this link](#) which takes you to their Committee Assurance Statement presented at the 30 May 2023 public meeting.

There were four meetings of the [Service Delivery Committee](#) held during 2022/23, you can read who attended them [here](#).

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

The People Committee 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, reflecting best practice. The People Committee comprises five Non-Executive Members and during 2022/23 met four times in public, each of which included a private session. The People Committee Chair is Mhairi Wylie and the Remuneration, Appointments and Nominations Sub-Committee Chair is Board member Fiona Thorburn.

The overall purpose of the Remuneration, Appointments and Nominations Sub-Committee is to offer guidance, support and recommendations to the Board and Chief Officer, in relation to matters of remuneration, appointments, nominations and negotiations. The Remuneration, Appointments and Nominations Sub-Committee comprises five Non-Executive Members and during 2022/23 met eight times in private.

The business which comes before the People Committee 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 Remuneration, Appointments and Nominations Sub-Committee formally report to the People Committee after each meeting. Monitoring of People and Training, Safety and Assurance (TSA) Directorates progress

and performance and the Remuneration, Appointments and Nominations Sub-Committee Forward Plan feature regularly on the People Committee 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 People Committee and its Remuneration, Appointments and Nominations Sub-Committee seeks to assist me within my role as the Accountable Officer, the People Director and her team together with the Strategic Leadership Team to plan and deliver effective policies and actions in this regard, and to provide appropriate assurance to the Board accordingly.

Further highlights of the People Committee and Remuneration, Appointments and Nominations Sub-Committee's work during 2022/23 can be found [via this link](#) which takes you to their Committee Assurance Statement.

There were four meetings of the [People Committee](#) held during 2022/23, you can read who attended them [here](#).

There were eight meetings of the [Remuneration, Appointments and Nominations Sub-Committee](#) held during 2022/23, you can read who attended them [here](#).

Integrated Governance Forum (IGF)

The Integrated Governance Forum was formed in June 2017, initially termed as a group and until March 2020 a standing Committee of the Board, however following a review a decision was made to establish this as a Forum and use this as a basis for all Committee Chairs to meet regularly. Chaired by the Chair of the Board and made up of the Chairs of all other Committees, it reviews and discusses issues and key themes identified in specific governance Committees and as an outcome provides additional assurance to the Board, ensuring a joined-up approach to corporate governance.

The Forum comprises five Non-Executive Members and during 2022/23 met four times. The Chief Officer and other Senior Managers were invited to attend the meetings as appropriate.

Good examples of common themes and/or areas of overlap included Data Quality, Cyber Security/ICT and Delegated Financial Authority. The Forum again recognised the importance of having an increased focus on risk to better inform decision making/scrutiny. The continual evolution to ensure good governance and the appropriate levels of scrutiny/focus by the Committees/Board was also recognised and that the implementation of integrated assurance mapping going forward, aligned to risk, would also focus attention on specific areas.

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.

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

There were four meetings of the [Integrated Governance Forum](#) held during 2022/23, you can read who attended them [here](#).

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.

In summary, collectively and through the detailed variety of examples within the report presented at the [Board meeting](#) (29 June 2023), it clearly demonstrates that progress continues to be made to improve the overall effectiveness of the Board.

Introduction of the [SFRS Good Governance Framework](#), approved by the Board in April 2022, builds on our Code of Corporate Governance ('the Code') and outlines our continued commitment to upholding high standards of corporate governance by setting out the principles and supporting characteristics being applied to ensure we are achieving our intended outcomes while acting in the public interests at all times. The Framework will continue to be a living document

and evolve as we strive to continually improve in everything we do. Importantly it embodies and supports our values of Safety, Teamwork, Respect and Innovation.

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

Risk Management Framework

The Audit and Risk Assurance Committee advises the Board and the Accountable Officer on the effectiveness of strategic processes for risk management and internal controls. During 2022/23, quarterly written and verbal reports to the Audit and Risk Assurance Committee and periodic reports from the Chair of the Audit and Risk Assurance Committee 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 the SFRS strategic and operational activities.

The diverse range of services provided by SFRS is impacted by an ever changing and challenging environment, presenting internal and external pressures. 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 2022/23 was the continued development of a risk aware culture, providing additional assurance to scrutiny bodies. The Risk Register and associated reports assist the Service's governance processes, providing scrutiny bodies with a greater understanding of the actions in place to mitigate risk, and Directorates with a management tool better suited to monitor and report on risk.

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

- SFRS Assurance Framework
- 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 Risk Themes 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, Strategic Leadership Team and members of the Senior Management Board have shaped the Register, further increasing

awareness and ownership of risk across the SFRS.

The Strategic Risk Register is updated and reported quarterly to the Audit and Risk Assurance Committee outlining nine overarching Risk Themes and aligned Directorate risks.

The Strategic Risk Register is aligned to the SFRS 2022-25 Strategic Plan, reflecting the Service's values and strategy ensuring our work supports the seven priorities outlined within the Fire and Rescue Framework for Scotland 2022.

The nine Risk Themes 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 (UFAS) 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.

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

Scrutiny and assurance as to the adequacy and effectiveness of controls is undertaken through quarterly reporting to the Audit and Risk Assurance Committee and the Strategic

Leadership Team, and annually through the SFRS Assurance Framework which is detailed in our [Good Governance 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 risks. This consists of risks being selected from the register by the Committee or Executive Board and then presented through a combination of written or verbal reports, 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 Audit and Risk Assurance Committee, and the views of the organisation's internal and external auditors, as well as the outcomes of inspection work carried out by independent bodies such as His Majesty's Fire Service Inspectorate, Audit Scotland and Gateway Reviews. The key findings of the review are outlined below.

Assurance Framework

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

Development of the [SFRS Good Governance Framework](#), approved by the Board in April 2022, has further clarified and strengthened our governance arrangements. Proposals to develop our assurance mapping processes further through providing Directorate level assurance in relation to Committee and Board level reports will be implemented in 2023/24.

Our risk-based assurance plan ensured that the assurance evidence being gathered and assessed for 2022/23 was focused on the most appropriate areas of the SFRS. The Assurance Framework was reviewed by the Audit and Risk Assurance Committee on 6 April 2023 as part of the paper

submitted in relation to the 'Arrangements for Preparing the Annual Governance Statement (AGS)'. 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 2023, identifying changes to the checklist and incorporating these within the SFRS Assurance Framework.

To ensure increased governance and assurance around potential fraud activities within the SFRS, all Heads of Function are required to complete a Fraud Risk Assessment (FRA) 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 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 Directors, I can report that there are no significant matters that have been identified and I can therefore provide assurance that effective and standardised systems of control are in place and operating effectively. Accordingly, any necessary action will be taken by responsible managers to ensure continuous improvement is made in areas of development that have been identified during this process, and adequately addressed to enhance the effectiveness of our risk management and internal control arrangements. These areas of further development are fully captured within the Improvement Actions Plans (IAP) which are centrally stored within the Chief Officer Business Support SharePoint site and link where appropriate to Strategic and Directorate Risk Registers, building into our business as usual process. It is the responsibility of the Heads of Function to ensure quarterly updates on Improvement Action Plans and Fraud Risk Assessment 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 the Audit and Risk Assurance Committee. 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 Audit and Risk Assurance Committee 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 Audit and Risk Assurance Committee has submitted its Committee Annual Report based upon the work it conducted during 2022/23 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 Practice Framework \(IPPF\)](#) and with the standards set out in the [Scottish Public Finance Manual \(SPFM\)](#). These standards require Internal Audit to provide an objective opinion supported by sufficient, reliable and relevant evidence.

The overall assurance provided by Azets in undertaking internal audit activity is set out in the Scottish Fire and Rescue Service Internal Audit Annual Assurance Statement 2022/23. Azets concluded that: "In our opinion, SFRS has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives. In this context, our audit of Training found one high risk rated finding in relation to non-compliance with completion rates for mandatory refresher training."

The table below provides a summary of the conclusions of individual audits undertaken in 2022/23:

Review	Control objective assessment	No. of issues per grading				Control objective assessment definitions:	
		4	3	2	1	Colour	Meaning
A.4 Revenue Maximisation		-	3	5	-		Fundamental absence or failure of key controls
A.5 Capital Investment Strategy		-	-	2	-		Control objective not achieved – controls are inadequate or ineffective
B.2 Sickness Absence Management		-	4	2	-		Control objective achieved – no major weaknesses but scope for improvement
B.3 Training		1	2	3	-		Control objective achieved – controls are adequate, effective and efficient
C.6 Corporate Performance Management		-	1	3	-		
C.7 Post Pandemic Review		-	3	-	-		
D.5 Personal Protection Equipment		-	1	3	2		

The revised 2022/23 Internal Audit Plan comprised 147 days of audit work, with the full programme completed. Azets confirm that there were no resource limitations that impinged their ability to meet the full audit needs of the SFRS and no restrictions were placed on their work by management.

External Audit

The Auditor General for Scotland appointed Audit Scotland as auditors to the SFRS covering a five-year period ending 31 March 2027.

Deloitte LLP presented their final report to the Audit and Risk Assurance Committee (ARAC) of the SFRS for the 2021/22 audit issuing an unmodified audit opinion, further detail can be found [here](#).

A [Planning Report](#), submitted by Audit Scotland to the Audit and Risk Assurance Committee on 6 April 2023 communicated the audit activity to be undertaken for the SFRS for the period 2022/23.

The conclusions of the Audit were reported to [Audit and Risk Assurance Committee](#) on 30 November 2023.

His Majesty's Fire Service Inspectorate (HMFSI)

The SFRS has a duty under the Fire (Scotland) Act 2005 to have regard to any report given to it by His Majesty's Fire Service Inspectorate and to take such action as deemed fit. During the period under review, His Majesty's Fire Service Inspectorate published local area and thematic inspection reports, further detail can be found [via this link](#) to their website.

His Majesty's Fire Service Inspectorate continues to present quarterly progress reports, presented by the Chief Inspector or nominated representative, at every Audit and Risk Assurance Committee meeting during 2022/23. The report allows for monitoring of general progress against the His Majesty's Fire Service Inspectorate inspections and reporting activity. Our response to the recommendations and other key findings from the inspection reports published during 2022/23 continue to be monitored through robust governance arrangements with oversight and scrutiny of this work by the Audit and Risk Assurance Committee providing assurance at Committee level through to the Board. These mechanisms form part of the SFRS's broader corporate governance arrangements and ensure that we are continuing to fully meet our statutory obligation by giving due regard to His Majesty's Fire Service Inspectorate inspection reports, and acting to continuously improve and transform the services we deliver to the communities of Scotland. As detailed earlier, His Majesty's Fire Service Inspectorate is also an attendee at the quarterly Service Delivery Committee meeting.

Executive Directors

Executive Directors have responsibility for the development and maintenance of the risk management and internal control arrangements within their area of responsibility. They provide me as 'Accountable Officer' with a Certificate of Assurance covering a self-assessment of areas. The Directors, in turn receive individual Certificates of Assurance, and supporting Internal Control Checklists, from their Heads of Function, together with relevant Improvement Action Plans. Fraud Risk Action plans are also produced to address areas of potential fraud risk identified. Where applicable, Improvement and Fraud Risk Action Plans will be reported to the Good Governance Board and Audit and Risk Assurance Committee by exception during 2023/24 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 2022/23 have been identified.

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 and Fraud Risk Action Plans, for relevant managers where appropriate.

Accountable Officer: Organisation:

Ross Haggart
Chief Officer

Scottish Fire and Rescue Service
15 December 2023



REMUNERATION AND STAFF REPORT

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

*Remuneration of Board Members

Fees for Non-Executive Board Members are determined in accordance with guidelines prescribed by the Scottish Government – Public Sector Pay Policy for Senior Appointments. The normal term of office for a member is a period not exceeding four years. The average time spent on SFRS business was 63 days in 2022/23 and 48 days in 2021/22. There were no bonuses, compensation for loss of office, benefits in kind or pension benefits paid to Board Members during this year or the previous year. The amounts paid to each Board Member are shown in the tables below:

2022/23

Name and Title	Total bands of £5,000
	£000s
Kirsty Darwent (Chair)	65-70
Fiona Thorburn (Deputy Chair)	20-25
Tim Wright	5-10
Mhairi Wylie	15-20
Lesley Bloomer (retired 31 July 2023)	5-10
Nick Barr (retired 31 July 2023)	15-20
Malcolm Payton	5-10
Brian Baverstock	15-20
Paul Stollard	5-10
Stuart Ballingall	10-15
Steven Barron	10-15
Angiolina Foster	10-15

2021/22

Name and Title	Total bands of £5,000
	£000s
Kirsty Darwent (Chair)	70-75
Marieke Dwarshuis (retired July 2021)	5-10
Bill McQueen (Deputy Chair) (retired July 2021)	5-10
Anne Buchanan (retired June 2021)	0-5
Primrose Stark (retired June 2021)	0-5
Fiona Thorburn (Deputy Chair)	15-20
Tim Wright	5-10
Mhairi Wylie	10-15
Lesley Bloomer	5-10
Nick Barr	15-20
Malcolm Payton	10-15
Brian Baverstock	15-20
Paul Stollard (joined July 2021)	5-10
Stuart Ballingall (joined July 2021)	5-10
Steven Barron (joined July 2021)	10-15
Angiolina Foster (joined July 2021)	5-10

*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 / Boards, with consideration being given to guidance issued by the National Joint Council for Brigade Managers. The pay for the Non-Uniformed Director posts is determined locally by the Scottish Fire Rescue and Service.

The salary, allowances, benefits in kind and pension related benefits of the Strategic Leadership Team are shown by band in the following table. There were no bonuses or compensation for loss of office paid to the Strategic Leadership Team during the year. Full-time equivalent salaries are shown alongside the relevant name where appointments started or finished during the year, with 'salary bands' being reflective of both the appointments and their salary in previous Strategic Leadership Team roles within 2022/23.

2022/23

Name and Title	Salary Bands of £5,000	Benefits In Kind to nearest £100 ²	Pension-related Benefits – annual increase in pension entitlement bands of £2,500	Total bands of £5,000
	£000s	£000s	£000s	£000s
Martin Blunden, Chief Officer (left 31/8/2022, FTE salary 185.0 – 190.0)	85-90	0	10.0-12.5	95-100
Ross Haggart, Chief Officer ^{1,3} (Interim appointment from 1/7/2022 and substantive appointment from 2/3/2023, FTE salary 180.0 – 185.0)	165-170	0	0	165-170
John Dickie, Assistant Chief Officer (left 29/8/2022, FTE salary 135.0 – 140.0)	55-60	0	7.5-10.0	65-70
Paul Stewart, Assistant Chief Officer ¹ (left 29/6/2022, FTE salary 135.0 – 140.0)	30-35	0	0	30-35
Stuart Stevens, Deputy Chief Officer ^{1,3} (Interim appointment from 1/7/2022 and substantive appointment from 20/4/2023, FTE salary 145.0 – 150.0)	145-150	0	0	145-150
Andrew Watt, Assistant Chief Officer ³ (appointed 1/6/2022, FTE salary 135.0 – 140.0)	125-130	0	285.0-287.5	415-420
David Lockhart, Assistant Chief Officer ^{1,3} (Interim appointment 28/6/2022 and substantive appointment 20/4/2023, FTE salary 135.0 – 140.0)	125-130	0	0	125-130
David Farries, Assistant Chief Officer ^{1,3} (Interim appointment 1/7/2022 and substantive appointment 20/4/2023, FTE salary 135.0 – 140.0)	125-130	0	0	125-130
Elizabeth Barnes, Deputy Chief Officer Corporate Services ^{2,3} (interim appointment from 1/12/2022, FTE salary 115.0 – 120.0)	110-115	6.0	35.0-37.5	155-160
Mark McAteer, Director of Strategic Planning, Performance and Communications ^{1,3}	110-115	0	0	110-115
John Thomson, Acting Director of Finance and Procurement ^{1,3,4} (Interim appointment 12/04/21 to 30/10/23)	95-100	0	0	95-100
Iain Morris, Acting Director of Asset Management ^{1,3,4} (Interim appointment 12/04/21 to 30/10/23)	95-100	0	0	95-100

1 There has been a real term decrease in the annual review of pension related benefits for these employees in 2022/23, caused by a large increase in CPI inflation. Their accrued annual pension (adjusted for inflation) is less than the amount they paid in employee pension contributions. This is to be reported as a zero pension change from 2021/22.

2 Benefits in Kind relates to provided cars.

3 It should be noted that the Brigade Manager's pay award as of January 2022 and 2023 was still outstanding at 31/03/2023. The pay award was agreed in May 2023 so is not reflected in the figures above.

4 John Thomson and Iain Morris are both in temporary positions during Sarah O'Donnell's secondment to the Scottish Government for financial year 2022/23. Sarah will return to her substantive post on 1 November 2023.

2021/22

Name and Title	Salary Bands of £5,000	Benefits In Kind to nearest £100 ²	Pension-related Benefits – annual increase in pension entitlement bands of £2,500	Total bands of £5,000
	£000s	£000s	£000s	£000s
Martin Blunden, Chief Officer ¹ (left 31/08/2022)	185-190	0	35.0-37.5	220-225
Ross Haggart, Deputy Chief Officer ³ (Interim appointment from 1/7/2022 and substantive appointment from 2/3/2023)	145-150	0	0	145-150
John Dickie, Assistant Chief Officer ³	135-140	0	0	135-140
Paul Stewart, Assistant Chief Officer ^{3,4}	135-140	0	0	135-140
Stuart Stevens, Assistant Chief Officer ³	135-140	0	0	135-140
Sarah O'Donnell, Director of Finance and Contractual Services ^{2,6} (took up secondment with another organisation from 12th April 2021 FTE 110.0 – 115.0)	0-5	0.3	0-2.5	5-10
Mark McAteer, Director of Strategic Planning, Performance and Communications ⁵	110-115	0	817.5-820.0	925-930
Elizabeth Barnes, Director of People and Organisational Development ²	110-115	5.6	30.0-32.5	145-150
John Thomson, Acting Director of Finance and Procurement ^{3,7} (Interim appointment 12/04/21 to 30/10/23)	95-100	0	0	95-100
Iain Morris, Acting Director of Asset Management ^{3,7} (Interim appointment 12/04/21 to 30/10/23)	95-100	0	0	95-100

1 Final details of the transfer-in value of pension from the Firefighters' (England) Pension Scheme was still waiting to be finalised in 2021/22 to enable the pension related benefits in this table to be updated.

2 Benefits in Kind relate to provided cars.

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

4 This employee transferred from the 1992 Scheme to the 2015 Scheme during 2020/21. The new Scheme has lower contribution and accrual rates resulting in a real terms reduction in pension

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

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

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

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

*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	2022/23 Number of employees	2021/22 Number of employees
50,000-54,999	236	159
55,000-59,999	162	142
60,000-64,999	80	51
65,000-69,999	46	46
70,000-74,999	29	12
75,000-79,999	8	14
80,000-84,999	8	3
85,000-89,999	6	5
90,000-94,999	5	4
95,000-99,999	4	2
110,000-114,999	1	1
115,000-119,999	0	1
120,000-124,999	2	1
125,000-129,999	3	0
135,000-139,999	0	3
140,000-144,999	1	0
145,000-149,999	0	1
165,000-169,999	1	0
175,000-179,999	0	0
185,000-189,999	0	1
Total	592	446

The table reflects the impact of inflationary pay awards bringing more employees above the £50,000 pay band, where the bandings themselves have not changed. It also reflects that higher paid employees left the Service and were replaced by employees on a lower point in the incremental scale, as well as timing issues (where employees started or left part way through the year).

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

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

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

	2022/23	2021/22	% Change
Range of Staff Remuneration	£2,588-£180,833	£2,419-£185,657	6.99%-(2.60)%
Staff Average	24,692	23,252	6.19%
Highest Paid Director (mid-point banded) remuneration including benefits in kind	182,500	187,500	-2.67%

There was a reduction in the remuneration of the highest paid director due to the appointment of a new Chief Officer during 2022/23. The staff average has increased by 6.19% as a result of the pay increases awarded in 2022: 7% for fire personnel and 5% for support staff. It should be noted that the Brigade Manager's pay award as of January 2022 and 2023 was still outstanding at 31/03/2023. The pay award was agreed in May 2023 so is not reflected in the figures above.

Median Pay	£26,962	£27,014	-0.19%
Ratio between highest earning director's total remuneration and the median	6.8	6.9	-1.45%

The decrease has arisen because the median point of the workforce has changed from a grade 3 support staff role in 2021/22 to a firefighter in development role in 2022/23. The firefighter in development role has a lower salary resulting in the median ratio decreasing slightly in 2022/23. The ratio is also affected by the reduction in the remuneration of the highest paid director due to the appointment of a new Chief Officer during 2022/23. This reflects the current pay, rewards and progression arrangements for the Service.

25% Percentile	£3,450	£3,224	7.01%
Ratio between highest earning director's total remuneration and the 25th percentile	52.9	58.2	-9.11%

The 25% percentile is an On-Call Firefighter competent role in both 2022/23 and 2021/22 but the increase in salary between the two years relates to the Firefighters Pay Award in 2022 which was 7%. With regards the decrease in the ratio, this is as a result of the reduction in the remuneration of the highest paid director due to the appointment of a new Chief Officer during 2022/23.

75% Percentile	£36,337	£34,269	6.03%
Ratio between highest earning director's total remuneration and the 75th percentile	5.0	5.5	-9.09%

The increase in salary has arisen because the 75% percentile of the workforce has changed from a crew commander in development role in 2021/22 to a control room crew commander in a competent role in 2022/23. With regards the decrease in the ratio, this is as a result of the reduction in the remuneration of the highest paid director due to the appointment of a new Chief Officer during 2022/23.

In 2022/23, no employees (nil in 2021/22) received remuneration in excess of the highest-paid director.

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 2023 are shown in the table below, together with the contribution made by the Service to each Senior Employee's pension during the period.

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

Prior to transferring to the 2015 Scheme the Chief, Deputy and Assistant Chief Officers were members of the Firefighters' Pension Scheme (FPS), Both are 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.

Pension benefits for the Directors and Deputy Chief Officer, Corporate Services 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. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a point in time. When a member leaves a scheme and chooses to transfer the benefits accrued in their former scheme to a new scheme the CETV is the payment which would be transferred.

Name and Title	Accrued Benefits at age 60 as at 31 March 2023 Bands of £5,000		Real increase as at 31 March 2023 Bands of £2,500		Cash Equivalent Transfer Value		
	Pension	Lump Sum	Pension	Lump Sum	At 31 March 2023	At 31 March 2022	Real increase/ (decrease)
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Martin Blunden, Chief Officer (left 31/8/2022)	40-45	0	20.0-22.5	0	732	63	3
Ross Haggart, Chief Officer ² (Interim appointment from 1/7/2022 and substantive appointment from 2/3/2023)	85-90	0	0	0	1,263	1,182	(61)
John Dickie, Assistant Chief Officer (left 29/8/2022)	90-95	0	15.0-17.5	0	2,053	1,545	436
Paul Stewart, Assistant Chief Officer ² (left 29/6/2022)	85-90	0	0	0	2,117	1,439	638
Stuart Stevens, Deputy Chief Officer ² (Interim appointment from 1/7/2022 and substantive appointment from 20/4/2023)	60-65	0	0	0	845	806	(61)
Andrew Watt, Assistant Chief Officer (appointed 1/6/2022)	60-65	0	302.5-305.0	0	932	638	225
David Lockhart, Assistant Chief Officer ² (Interim appointment 28/6/2022 and substantive appointment 20/4/2023)	50-55	0	0	0	793	730	(3)
David Farries, Assistant Chief Officer ² (Interim appointment 1/7/2022 and substantive appointment 20/4/2023)	45-50	0	0	0	661	624	(20)
Elizabeth Barnes, Deputy Chief Officer Corporate Services ¹ (Interim appointment from 1/12/2022)	15-20	0	45.0-47.5	0	255	216	5
Mark McAteer, Director of Strategic Planning, Performance and Communications ^{1,2}	50-55	65-70	0	0	913	866	(51)
John Thomson, Acting Director of Finance and Procurement ^{1,2} (Interim appointment 12/04/21 to 30/10/23)	50-55	80-85	0	0	877	831	(47)
Iain Morris, Acting Director of Asset Management ^{1,2} (Interim appointment 12/04/21 to 30/10/23)	55-60	90-95	0	0	1,137	1,085	(67)

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

2 There has been a decrease in the annual review pension related benefits because their accrued annual pension is less than the

amount, they paid in employee pension contributions. This is to be reported as a zero pension change from 2021/22.

3 Sarah O'Donnell was on secondment for financial year 2022/23.

The table below shows comparative figures for 2021/22:

Name and Title	Accrued Benefits at age 60 as at 31 March 2022 Bands of £5,000		Real increase/ (decrease) as at 31 March 2022 Bands of £2,500		Cash Equivalent Transfer Value		
	Pension	Lump Sum	Pension	Lump Sum	At 31 March 2022	At 31 March 2021	Real increase/ (decrease)
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Martin Blunden, Chief Officer ² (left 31/08/2022)	1-5	0	62.5-65.0	0	63	22	13
Ross Haggart, Deputy Chief Officer ⁴ (Interim appointment from 1/7/2022 and substantive appointment from 2/3/2023)	80-85	0	0	0	1,182	1,114	(31)
John Dickie, Assistant Chief Officer ⁴	85-90	0	0	0	1,545	1,480	(59)
Paul Stewart, Assistant Chief Officer ⁴	85-90	0	0	0	1,439	1,423	(102)
Stuart Stevens, Assistant Chief Officer ⁴	60-65	0	0	0	806	762	(28)
Sarah O'Donnell, Director of Finance and Contractual Services ^{1,5}	55-60	90-95	72.5-75.0	2.5-5.0	874	874	(72)
Mark McAteer, Director of Strategic Planning, Performance and Communications ^{1,3}	50-55	65-70	827.5-830.0	67.5-70.0	866	151	693
Elizabeth Barnes, Director of People and Organisational Development ¹	10-15	0	40.0-42.5	0	216	172	22
John Thomson, Acting Director of Finance and Procurement ^{1,4} (Interim appointment 12/04/21 to 30/10/23)	45-50	80-85	0	(2.5)-(5.0)	831	775	(8)
Iain Morris, Acting Director of Asset Management ^{1,4} (Interim appointment 12/04/21 to 30/10/23)	50-55	90-95	0	0	1,085	1,011	(6)

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

2 Final details of the transfer-in value of pension from the Firefighters' (England) Pension Scheme were still waiting to be finalised at 31/3/2022.

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

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

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

NOTES

- 1) The employer's contribution rate for the 2015 Scheme is 26.8% of pensionable pay. The employer's contribution for those in the LGPS is 19.3% of pensionable pay in 2022/23. There is no change in contribution rates from 2021/22.
- 2) The Firefighters' Pension Scheme, 2015 Scheme and LGPS have different contribution rates and different benefits. The FPS 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.
- 3) For those in the 2015 Scheme the current accrual rate is 1/61.6 of pensionable pay in each year. The tax-free lump sum option at retirement is £12 of lump sum for every £1 of annual pension given up with a current maximum of 25% of the employee's pension fund. Normal pension age is 60 (deferred pension age linked to State Pension age). There are early retirement options from age 55 subject to actuarial reduction to age 60.
- 4) For those employees in interim posts during 2022/23 it should be noted that acting up is not pensionable under the Fire 2015 Pension Scheme. The employee contribution rates are tiered based on salary; those noted above contributed either 13.5% or 14.5% of their salary in 2022/23.
- 5) For those employees who joined the LGPS before 1 April 2009 their accrued pension benefits include elements for both lump sum and annual pension. 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 between 9.5% and 10% of their salary in 2022/23.

*Exit Packages

There were no new exit packages in 2022/23 (nil in 2021/22) as there were no changes within the SFRS environment that required changes to the structure, establishment levels, job roles or work locations, to be made.

Off-payroll Engagements

The tables below show off-payroll appointments as of 31 March 2023, earning at least £245 per day.

Table 1: Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater.

	2022/23
Number of existing engagements as of 31 March 2023	8
Of which:	
Number that have existed for less than one year at time of reporting	4
Number that have existed for between one and two years at time of reporting	1
Number that have existed for between two and three years at time of reporting	1
Number that have existed for between three and four years at time of reporting	1
Number that have existed for four or more years at time of reporting	1

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater.

	2022/23
No. of temporary engagements, between 1 April 2022 and 31 March 2023	7
Of which:	
Not subject to off-payroll legislation	7
Subject to off-payroll legislation and determined as in-scope of IR35	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	7
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023.

	2022/23
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both on payroll and off-payroll engagements.	0

*Staff Numbers and Related Costs

Details of staff numbers and costs are shown below as well as in Note 4 to the financial statements. The average number of persons employed in the year ended 31 March 2023 was 7,619 (7,726 in previous year). There were 6,558 pensioners in the Firefighter Pension Schemes at 31 March 2023 (6,263 at 31 March 2022).

Related costs are shown in the following table:

	Year ended 31 March 2023			Year ended 31 March 2022		
	Permanent	Others	Total	Permanent	Others	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Wages and Salaries	202,114	0	202,114	194,609	0	194,609
Employer Pension Contribution Costs	46,756	0	46,756	46,332	0	46,332
Social Security Costs	20,705	0	20,705	19,035	0	19,035
Sub-total	269,575	0	269,575	259,976	0	259,976
IAS19 pension costs charged to net expenditure	(12,573)	0	(12,573)	16,939	0	16,939
Other staff related costs	7,916	974	8,890	6,008	1,522	7,530
Staff Costs	264,918	974	265,982	282,923	1,522	284,445
Firefighter Pension	145,449	0	145,449	127,391	0	127,391
Unfunded LGPS Benefits	533	0	533	524	0	524
Total net costs	410,900	974	411,874	410,838	1,522	412,360

Employer Pension Contributions relate to current employees. *Firefighter Pensions* represents lump sums and monthly pension payments made to retired members of the uniformed pension schemes. *Other unfunded LGPS benefits* relate to unfunded pension benefits paid to pensioners.

Note that the total of £0.974 million shown under "Others" for the year ended 31 March 2023, (£1.522 million for the year ended 31 March 2022) represents the costs of staff employed on temporary contracts through employment agencies.

Workforce Structure

Our workforce structure is continuously monitored and is formally reported 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 2023			
	TOM*	Headcount	FTE
SLT	9	9	9
Wholetime 5WDS**	3,021	2,901	2,899
Off Station	363	327	326
Rural FT	55	55	54
Flexi Duty	263	257	257
Control	179	172	168
RDS***	3,309	2,735	2,333
Volunteer***	384	266	266
Support	969	897	846
Total	8,552	7,619	7,158

Figures from 2021/22 can be seen for comparison:

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

* Includes temporary resource requirements for Initiatives, Projects and Business Cases.

** Includes 103 WFFF Trainees in 2023.

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

Our Strategic Resourcing Plan remains under review, with significant focus applied to workforce planning and scenario modelling related to the impact of pension changes to the wholetime leavers profile, any potential review of our Target Operating Model linked to the Service Delivery Model Programme or the implications of the Resource Spending Review. Regular updates are provided to Strategic Leadership Team and various forums to inform decision making.

Areas prioritised to support our establishment levels include: a review of Wholetime Firefighter intakes, the scheduling of promotional processes, the development of an inter-service transfer campaign (Firefighter to Group Commander), the scoping and pilot of an On Call to Wholetime migration process, and engagement with recent operational leavers to promote re-employment opportunities for specific technical skill areas.

As part of the National On Call Improvement Programme, the People Directorate is progressing actions aligned to the On Call Firefighter Attraction and Recruitment Project and has implemented a revised Recruitment and Selection process for this group. Pivotal to the new process is the introduction of a Pre-Recruitment Engagement Programme (PREP) aimed at providing 1:1 support and guidance to help candidates prepare for the formal fitness assessment and the practical selection tests which is anticipated to have a positive impact on both candidate experience and onboarding rates.

Attracting candidates for support staff roles remains challenging given current market conditions. Work is ongoing to ensure that opportunities, the total reward package and flexible working arrangements are effectively promoted and that we build a flexible and adaptable approach to our resourcing methods. Work is also underway to develop improvements to our Support Staff pay and reward arrangements to ensure our support staff roles remain attractive and retain staff, including pay progression arrangements, development pay, and utilisation and application of market allowances.

Absence Data

The tables below provide the data on the overall recorded absences by staff group for the two fiscal years 2021/22 and 2022/23, shown as percentages.

Careful management of attendance gives us the tools to support our staff back to work, including in an amended capacity where appropriate and practicable. The data below shows long-term and short-term absences and illustrates an overall decrease in absences. The decreases between quarters are highlighted in green.

During the final year of the pandemic (2022/23), we saw an increase in the number of absences for respiratory illnesses as Covid absences were no longer recorded as separate absences. This had an impact on both our long and short-term absences. Throughout this period, we continued to provide a range of interventions aimed at supporting staff affected and these were reviewed on a regular basis as the pandemic ended.

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

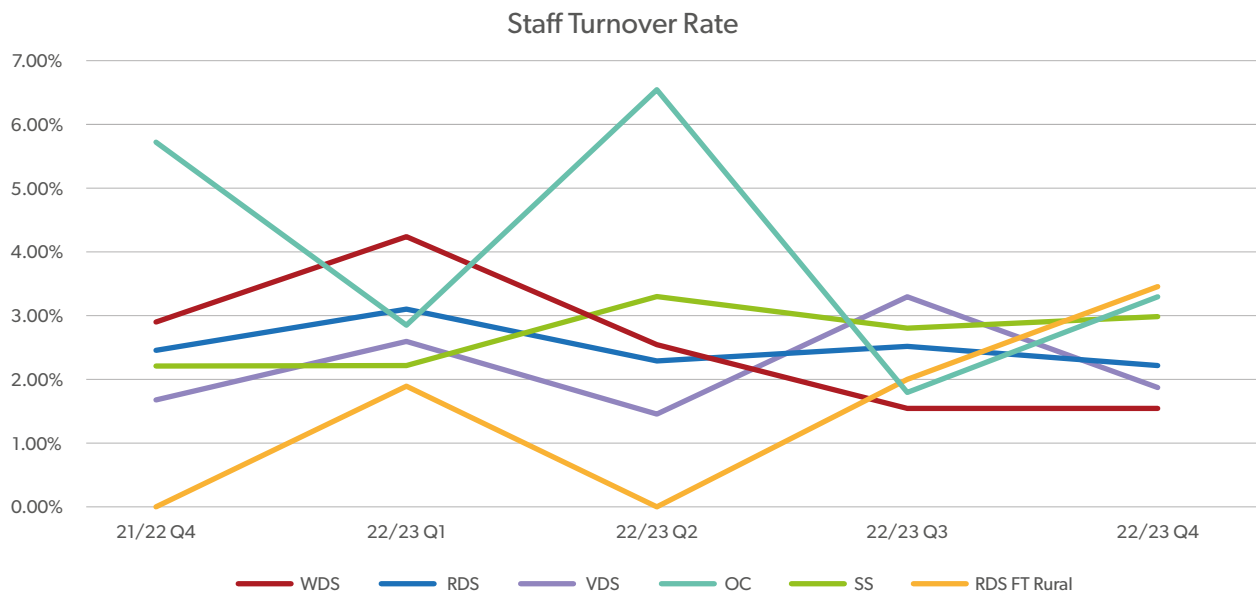
Long-Term Absence 2022/23				
Staff Group	Q1	Q2	Q3	Q4
Wholetime	3.43%	3.33%	3.07%	2.95%
Retained	2.62%	2.78%	2.64%	2.41%
Volunteer	1.09%	1.41%	0.77%	0.37%
Control	8.70%	9.17%	6.77%	5.03%
Support	3.13%	3.57%	3.32%	3.05%

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

Short-Term Absence 2022/23				
Staff Group	Q1	Q2	Q3	Q4
Wholetime	3.17%	2.44%	2.57%	1.96%
Retained	2.01%	1.27%	1.19%	1.23%
Volunteer	0.66%	0.18%	0.06%	0%
Control	4.35%	2.80%	4.65%	3.16%
Support	2.06%	1.51%	1.97%	1.49%

Staff Turnover

2022/2023	Wholetime (WDS)	Retained (RDS)	Volunteer (VDS)	Operations Control (OC)	Support Staff (SS)	RDS FT Rural	SFRS Total
Q1	4.20%	3.10%	2.52%	2.78%	2.18%	1.89%	3.40%
Q2	2.56%	2.36%	1.45%	6.59%	3.48%	0%	2.60%
Q3	1.54%	2.61%	3.33%	1.68%	2.75%	1.89%	2.14%
Q4	1.54%	2.15%	1.87%	3.49%	3.01%	3.64%	1.97%



While the Wholetime turnover rate has slowed, an increase in leavers is anticipated over the next 12 months, as the full impact of the pension remedy unfolds and this continues to be monitored closely.

Historical challenges with On Call attraction and retention are being addressed by the National On Call Leadership Forum, with strategies being developed to support On Call employee engagement, attraction and retention.

Operations Control turnover has increased due to various factors including rates of pay and duty patterns, staff movement to wholetime roles and retirements. Work is underway to identify and implement improvements.

A range of measures are being scoped to aid attraction and retention of support staff within a highly competitive market, including work on the Service's approach to job evaluation, improvements to the pay and reward framework, targeted use of Market Allowances, and a review of attraction and selection methods.

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 SFRS publishes information about the gender pay gap every two years.

We have published our [Equality Pay and Gender Pay Gap Report 2023](#). This reports on the Pay Gap within the SFRS between male and female employees, those with disabilities, and those from Black and Ethnic Minority communities. It demonstrates that, on average, women within the SFRS now earn 2.98% more than their male counterparts. The report provides an occupational segregation profile of the SFRS, which identifies the percentages of men and women working in different sections and levels of our Service and highlights the actions and initiatives that the SFRS is taking to achieve a workforce profile that represents the communities we serve.

The 2023 Report demonstrates a significant divergence in the gender profiles of our Uniformed and Support Staff employee groups. Women are equally represented within the three upper quartiles of the support staff structure. In contrast, the Uniformed workforce is composed of 91% males. This figure demonstrates a continuing, albeit slow, increase in the number of female Firefighters within the SFRS, and is accompanied by an increase in the numbers of women within supervisory and middle management roles, along with the first female employee to be promoted to a strategic management role within the uniformed structure.

The report also shows that 5 of the 12 Board members are female, including the Chair of the Board.

Supporting Equality, Diversity, Human Rights and Inclusion

The Strategic Plan 2022-25 describes our aspiration to be a world leading fire and rescue service, to create 'a great place to work' and meet 'diverse community risks'. To do this, we know that equality, diversity and inclusion must be embedded in everything we do.

A review of the Equality and Human Rights Impact Assessment Process has commenced, with changes to include how we consider mental health and wellbeing and further improvements are planned in 2023-24. This process remains the most effective method of building and mainstreaming equality, diversity, inclusion and human rights into decision making, policy development and policy implementation.

Our annual [Mainstreaming Equality Report 2021-23](#) was published on 1 April 2023 outlining the steps that the SFRS continues to take to embed a mainstreamed approach to equality as required under the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 and outlines progress made against our Equality Outcomes.

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 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.

Gender as at 31 March 2023					
	Headcount	Male	Female	Male	Female
Wholetime 5WDS*	2,901	2,722	179	93.83%	6.17%
Off Station*	327	291	36	88.99%	11.01%
Rural FT	55	46	9	83.64%	16.36%
Flexi Duty + POs**	265	253	12	95.47%	4.53%
Control	172	28	144	16.28%	83.72%
RDS	2,735	2,550	185	93.24%	6.76%
Volunteer	266	226	40	84.96%	15.04%
Support	898	414	484	46.10%	53.90%
Total	7,619	6,530	1,089	85.71%	14.29%

Figures from 2021/22 can be seen for comparison:

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

* Includes Wholetime Trainees

** Principal Officers

The SFRS continues to work towards a workforce that is more representative of the communities of Scotland and our previous three-year [Positive Action Strategy 2019-22](#) was revised during 2022/23 to operate as a devolved framework driven by business needs. There remains some work to be completed to fully transition to this new model for positive action and these will be achieved during 2023/24.

As part of this revised approach a positive action toolkit has been developed which supports the local delivery of positive action activities and the embedding of positive action activities as core features of the recruitment, selection, promotion and development processes in the SFRS. The toolkit content, developed and piloted in partnership with operational colleagues, extends to guides and supporting materials to deliver in-house positive action recruitment events, support attendance at external career events and a school career information pack. Roll-out of the completed toolkit and its positive action framework will be delivered in 2023/24.

This approach will see the retention of virtual positive action engagement and fitness sessions, targeted towards women in operational roles and LGBT and ethnic minority communities across all roles, with more in-person events delivered at a local level.

Ethnicity of Workforce as at 31 March 2023		
Ethnicity	Headcount	Percentage of Total
White	4,266	55.99%
BAME	63	0.83%
Prefer not to say	22	0.29%
Not recorded	3,268	42.89%
Total	7,619	100%

Supporting Inclusion

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 encourage all employees to treat others equally.

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

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

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.

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.

A 2022/23 and 2021/22 comparison can be seen in the tables below:

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

employees are treated in a fair and consistent manner and in accordance with relevant employment legislation.

Throughout the employment journey employees with a disability are supported through our health and wellbeing provisions including mental health.

During 2022, a guide to support employees and their line managers who are in the process, or are considering, transitioning their gender was formalised following a pilot period.

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 consider the impact of our decisions on care experienced young people, those with caring responsibilities and those who experience social and economic disadvantage.

Career Management

We are committed to supporting Career Management for all our people across the Service, continually investing resources from entry in order to help them accomplish their future career goals. This continuing process allows us to adapt to the changing demands of our dynamic economy.

We have a successful history of growing our own talent and seeing employees develop from their entry level roles through the career ladder. Key activities and achievements during 2022/23 included:

- The leadership services framework was implemented to ensure continued focus on the development of leadership skills and talent pipelines at the Supervisory and Middle Management levels.
- The implementation of the leadership development model 2022/23 has enabled the Service to successfully adopt a blended approach to upskilling managers and leaders within the SFRS. The model includes taught and self-directed learning, peer learning opportunities and work-based projects to support the transfer of learning into the workplace. An evaluation of the 2022/23 leadership programmes commenced to inform 2023/24 programme design.
- SFRS Onboarding and Appraisal processes have been refreshed with a focus on enabling performance; increasing employee engagement; determining support and development needs; strengthening relationships; connecting colleagues' contribution with achievement of Service goals; coaching potential and career growth/planning.
- The Service has maintained its partnership with Career Ready to support the social mobility and empowerment of young people due to embark on

their careers to reach their potential with experiences within the SFRS being incredibly positive.

- The well-established relationship with the Collective Learning Partnership and Scottish Union Learning Fund delivered 20 courses to 143 learners across 2022/23 enabling SFRS staff to access lifelong learning which helps improve employee engagement through personal fulfilment and satisfaction and continues to foster a culture of learning and improvement.

Employee Relations, Engagement and Communication

We are committed to working in partnership with our trade unions. This commitment is demonstrated through our Working Together Framework which was reviewed in 2022/23 and is supported by Recognition Agreements.

We have continued to develop and published our [*Communications and Engagement Strategy 2023-26*](#) and over the last year have focused our attention on some key projects with staff engagement, consultation and participation throughout.

Work has included:

- Publication of a fully revised and updated [*Social Media Policy*](#) to reflect the changing digital landscape and risks presented to staff and the wider organisation by social media usage.
- Promotion of the draft Strategic Plan consultation to gather feedback from staff, partners, and communities on our plans for the next three years.
- Supporting the successful delivery of Operation Unicorn following the sad passing of Queen Elizabeth II. This included informing staff of protocols surrounding the Service's role in the proceedings, ensuring the period of mourning could be respected.
- Planning for potential firefighter industrial action which was a significant strand of activity for communications and engagement. The planning included encouraging colleagues to share their plans for industrial action to allow the operational planning team to determine fire cover across the country while reassuring staff, partners, and communities.

Facility Time Reporting from 1 April 2022 to 31 March 2023 (not included in statutory audit)

The Trade Union (Facility Time Publication Requirements) Regulations 2017 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.

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
255	255

* 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 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 2023 and the percentage of their working hours recorded as having been spent on union duties:

Percentage of time	Number of employees
0%	204.5
1-50%	44
51-99%	0
100%	6.5

Table 3 - Percentage of pay bill spent on facility time

The table below provides the percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the year ended 31 March 2023.

	Figures
Total cost of facility time	£302,842
Total pay bill *	£231,256,344
Percentage of the total pay bill spent on facility time calculated as: (total cost of facility time ÷ total pay bill) x 100	0.13%

* 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:

$5460 \div 80354.24 \times 100 = 6.8\%$
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:
(Total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100

Improving Health, Safety and Wellbeing Arrangements

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

Each year a SFRS Health and Safety Improvement Plan is developed. This is translated into bespoke improvement plans which address the risk profile of the different parts of our organisation. At the end of the reporting year, 95% of the SFRS improvement plan was complete (41 of the 43 actions), a 24% increase from last year. The remaining two actions were deferred to 2023/24.

The introduction of a new Wellbeing Management System in 2022/23, once fully embedded, will enable closer management and identification of emerging wellbeing trends across the Service, ensuring effective care and improved reporting capability.

As part of the SFRS Covid-19 recovery, a robust programme of planning and resourcing was introduced to address the backlog of wellbeing assessments, and 100% compliance with the delivery of Medical and Fitness assessment programmes has been achieved. This helps ensure that all staff are fit to undertake their roles and that the Service is fulfilling its statutory obligations.

Approval to introduce an in-house physiotherapy service was granted and two physiotherapists will be appointed in April 2023, enabling better support for staff suffering from musculoskeletal injuries, one of our leading causes of absence, and will allow occupational health and fitness practitioners to work collaboratively to provide effective care. This will improve the health and wellbeing of staff, reduce the impact of musculoskeletal injury-related absence, and support staffing and operational availability.

Emerging research from the University of Central Lancashire (UCLan) signals that firefighting has been reclassified as a carcinogenic occupation. The SFRS, in collaboration with the Fire Brigades Union (FBU), has been considering the Service's response through the work of the SFRS Contaminants Group, including an options appraisal for a future model of health surveillance arrangements.

To support the outcomes of the SFRS Mental Wellbeing Strategy, a Mental Wellbeing Champion Programme has been introduced across the Service; enabling trained volunteers to offer mental health peer support to colleagues, including promoting wellbeing campaigns locally. The intent of the Programme is to improve signposting to mental wellbeing support services for employees who are in need, strengthening an early interventionist approach.

Work continues to develop the provision of mental wellbeing education, training and resources throughout the employment lifecycle; working in partnership with Lifelines Scotland who deliver programmes in wellbeing and resilience, peer and post trauma support and the Service continues to signpost the bespoke on-line resources for the Fire community across Scotland.



ROSS HAGGART
Chief Officer

Scottish Fire and Rescue Service
15 December 2023

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Scottish Fire and Rescue Service for the year ended 31 March 2023 under the Police and Fire Reform (Scotland) Act 2012. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2023 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor

General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- using my understanding of the central government sector to identify that the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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.

The extent to which my 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my 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 my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am 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 parts of the Remuneration and Staff Report

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

Other information

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

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I 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 my 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 I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my 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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Michael Oliphant

Michael Oliphant FCPFA
Audit Director
Audit Scotland
4th floor, 102 West Port
Edinburgh, EH3 9DN

15 December 2023



ANNUAL ACCOUNTS

In this section of the report we set out:

- Statement of Comprehensive Net Expenditure for the year ended 31 March 2023 86
- Statement of Financial Position as at 31 March 2023 87
- Statement of Cash Flows for the year ended 31 March 2023 88
- Statement of Changes in Taxpayers Equity for year ended 31 March 2023 89
- Notes to the Accounts 90



STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year ended 31 March 2023	Year ended 31 March 2022
		£000s	£000s
Expenditure			
Staff costs	4	411,874	412,360
Depreciation and Impairment	24	42,830	23,847
Other Operating Charges	3	56,246	55,088
		510,950	491,295
Income			
Income from activities	6	(121)	(595)
Other Income	7	(188,478)	(169,913)
		(188,599)	(170,508)
Net Expenditure from Operating Activities		322,351	320,787
Interest payable	8	2,064	2,252
Interest on Right of Use Assets	8	15	0
Net gain on disposal of Property, Plant and Equipment	26	(55)	37
Net interest cost of IAS19 assets and liabilities	13b (Tables 1, 2)	81,631	61,748
		83,655	64,037
Net Expenditure after Interest		406,006	384,824
Taxation	11	0	1
Net Expenditure after Taxation		406,006	384,825
Other Comprehensive Income and Expenditure (these items will not be reclassified to net expenditure)			
Actuarial loss / (gain) on IAS19 Pension disclosures	13b (Tables 1, 2)	(2,200,982)	275,598
Net gain on revaluation of Property, Plant and Equipment	24	(22,210)	(7,500)
Comprehensive Net (Income) / Expenditure before Grant from the Scottish Government		(1,817,186)	652,923

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	As at 31 March 2023	As at 31 March 2022
		£000s	£000s
ASSETS - Non-current assets			
Property, Plant and Equipment	24	569,592	553,570
Right of Use Assets	32	4,405	0
Heritage Assets	24	1,065	1,045
Intangible Assets	24	51	121
Long-term Debtors	20	606	892
Pension Assets	13b (Table 5)	1,850	0
Total non-current assets		577,569	555,628
Current assets			
Inventories	21	1,430	1,523
Trade and other receivables	9	11,134	10,358
Cash and cash equivalents	12	538	547
Total current assets		13,102	12,428
Total assets		590,671	568,056
LIABILITIES - Current liabilities			
Trade and other payables	10	37,906	38,142
Short-term borrowing	23	3,438	5,772
Short-term provisions	16	480	878
Short-term Right of Use Assets	32	348	0
Current Tax Payable	11	0	1
Total current liabilities		42,172	44,793
Total assets less current liabilities		548,499	523,263
Non-current liabilities			
Long-term borrowing	23	35,442	38,263
Long-term provisions	16	959	1,275
Long-term Right of Use Assets	32	4,536	0
Deferred Income	31	5,332	4,136
Other long-term liabilities (Pensions)	13b (Table 5)	3,064,593	5,164,867
Other long-term liabilities (Injury Benefits)	13b (Table 5)	57,762	87,562
Total non-current liabilities		3,168,624	5,296,103
Total assets less liabilities		(2,620,125)	(4,772,840)
Taxpayers equity			
General Reserve		325,514	326,677
Revaluation Reserve		174,866	152,912
Pensions Reserve	13b (Table 5)	(3,120,505)	(5,252,429)
Total Taxpayers Equity		(2,620,125)	(4,772,840)

Ross Haggart
Chief Officer and Accountable Officer
15 December 2023



The Accountable Officer authorised these Annual Accounts for issue on 14 December 2023.

[The notes](#) on pages 90 to 151 form part of these Accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year ended 31 March 2023	Year ended 31 March 2022
		£000s	£000s
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net expenditure from operating activities		(322,351)	(320,787)
Adjustments for non-cash transactions			
IAS19 Pensions	4, 13b (Table 1)	(12,573)	16,939
Depreciation and Impairments	24	42,444	23,847
Depreciation – Right of Use Assets	24	386	0
Corporation Tax	11	0	(1)
Movements in working capital			
(Increase) / Decrease in trade and other receivables	9	(776)	2,269
Decrease in inventories	21	93	4,628
Decrease in long term debtors	20	286	212
(Decrease) / Increase in trade and other payables	10	(236)	5,708
(Decrease) / Increase in provisions	16	(714)	319
Increase in deferred income	31	1,196	2,293
Net cash outflow used in operating activities		(292,245)	(264,573)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant, equipment and intangible assets	24	(36,599)	(42,449)
Proceeds of disposals of property, plant and equipment	26	451	1,197
Net cash outflow used in investing activities		(36,148)	(41,252)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Grant in Aid from the Scottish Government	19	335,966	310,838
Repayment of borrowing	23	(5,155)	(2,736)
Payment of lease liabilities	32	(348)	0
Bank interest paid	8	(2,064)	(2,252)
Interest on Right of Use assets	8	(15)	0
Net cash inflow used in financing activities		328,384	305,850
Net (Decrease) / Increase in cash and cash equivalents		(9)	25
Cash and cash equivalents at beginning of the period	12	547	522
Cash and cash equivalents at end of the period	12	538	547
(Decrease) / Increase in cash for the year		(9)	25

STATEMENT OF CHANGES IN TAXPAYERS EQUITY FOR YEAR ENDED 31 MARCH 2023

	Note	General Fund	Revaluation Reserve	Pensions Reserve	Total
		£000s	£000s	£000s	£000s
Balance at 1 April 2022		326,677	152,912	(5,252,429)	(4,772,840)
Cumulative Effect of Initial Application of IFRS 16 Leases	32	(437)	0	0	(437)
Adjusted Balance at 1 April 2022		326,240	152,912	(5,252,429)	(4,773,277)
Net Expenditure after taxation		(406,006)	0	0	(406,006)
IAS19 Pensions Remeasurement Gains	13b (Table 1)	0	0	2,200,982	2,200,982
Revaluations debited to the Revaluation Reserve	24	0	22,210	0	22,210
Total Comprehensive Net Income / (Expenditure)		(406,006)	22,210	2,200,982	1,817,186
Transfer of pensions transactions to the Pensions Reserve	13b (Table 1)	69,058	0	(69,058)	0
Grant in Aid from the Scottish Government	19	335,966	0	0	335,966
Other Reserve Movement	30	256	(256)	0	0
Balance at 31 March 2023		325,514	174,866	(3,120,505)	(2,620,125)

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

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

These Annual Accounts have been prepared in accordance with the 2022/23 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public-sector context. The SFRS has selected the most appropriate accounting policy or estimation technique, as permitted by the FReM, to ensure the statements present a true and fair view.

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

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

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

The following underlying assumptions have been adhered to:

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

Application of new and revised Accounting Standards

a. Standards, amendments and interpretations early adopted this year

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

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

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

- **IFRS 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.

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.

c. Standards, amendments and interpretations effective in the current year

In the current year, the Board has implemented IFRS 16 Leases.

IFRS 16 became effective from 1 April 2022 in the Government Financial Reporting Manual (FReM) and supersedes IAS 17 Leases. The Standard introduces a single lessee accounting model designed to reflect 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. Existing finance leases will continue to be classified as leases. All existing operating leases now fall within the scope of IFRS 16 under the ‘grandfathering’ rules mandated in the FReM for the initial transition to IFRS 16. In future years, new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position (SoFP) 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.

As permitted by IFRS 16 (Appendix C), lease liabilities are recognised at the date of initial application for leases previously recognised as operating leases. The carrying amounts of right-of-use assets are recognised at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the SoFP immediately before the date of initial application as noted in IFRS 16(C8(b(ii))) and required by HM Treasury IFRS 16 Guidance.

The bringing of leased assets onto the SoFP required depreciation and interest to be charged on the right-of-use assets and lease liabilities respectively. Cash repayments are recognised in the Statement of Cash Flows, as required by IAS 7.

The relevant interest rate will be based on those provided annually by HM Treasury unless noted implicitly in the lease.

Peppercorn leases are where the consideration paid is nil or nominal, but significantly below market value. They are covered by IFRS 16 if they meet the definition of a lease with the exception of the consideration amount. The following criteria are to be used to recognise peppercorn leases:

- Recognise a right-of-use asset and initially measure it at current value as per the FReM,
- Recognise a lease liability in accordance with IFRS 16,
- Recognise any difference between the carrying amount of the right-of-use asset and the lease liability as income (required by IAS 20 as interpreted by the FReM),
- Measure the right-of-use asset using the principles of IFRS 16 as interpreted by the FReM.

Further information on the implementation of IFRS 16 is provided in Note 32 Leases/Right-of-Use Assets.

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 2022 and ended on 31 March 2023.

Going Concern

The Resource Budget for the financial year ended 31 March 2024 has been approved by the Scottish Government and is considered adequate to allow the SFRS to meet its liabilities in the foreseeable future. In terms of future years, funding will be confirmed as part of the normal budget cycle in December 2023 and January 2024. The Service also featured in the Scottish Government's Resource Spending Review which set indicative budget allocations up to 2025-26.

These Annual Accounts have therefore been produced on a going concern basis. The Scottish Fire and Rescue Service is fulfilling a statutory function and there are no plans to amend the primary legislation setting out those functions. The SFRS is therefore required to continue delivering fire and rescue activity in Scotland and the Scottish Government is in turn committed to providing the SFRS with grant in aid funding for that purpose. For the avoidance of doubt, Scottish Government funding also covers all ongoing employer and officer pension contributions and the pension liability which is not met directly from GiA.

Segmental Reporting

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

Revenue Recognition

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

Grant in Aid and Revenue Grants

The SFRS is funded by the Scottish Government. Grant in Aid is received throughout the year and is intended to meet 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 the SFRS reserves and not incorporated within the Statement of Comprehensive Net Expenditure (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 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 2023, the SFRS participates in two pension schemes: The Local Government Pension Scheme (Scotland) for support staff and the Fire 2015 Scheme for Wholetime/Retained uniformed personnel. For the year ended 31 March 2023, the administration of the Firefighters' Scheme 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.

- **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. It is an unfunded defined benefit scheme where payments are made on a “pay as you go” basis. All new employees entering the Service will join this Scheme automatically. The normal pension age for firefighters is 60.

Prior to 1 April 2022, there were 3 Schemes for Firefighters: the Firefighters’ Pension Scheme 1992, New Firefighters’ Pension Scheme 2006, as well as the 2015 Scheme. Firefighters who were previously in the 1992 or 2006 Schemes joined the 2015 Scheme automatically on 1 April 2015 where no protection was in place. A further group transferred to this scheme during 2021/22 when their protection ended and as from 1 April 2022, all Firefighters who were members of a pension scheme transferred to the Fire 2015 Scheme.

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

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

Pension Scheme Assets

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

Pension Scheme Liabilities

The attributable liabilities of each scheme are measured on an actuarial basis using the projected unit method, i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc.

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

- **Current Service Cost**
This refers to the increase in liabilities as a result of years of service earned this year and is allocated to the cost of services in the SoCNE.
- **Expected Net Return on Assets**
The expected annual investment return on assets for the LGPS is based on long-term expectations as at 31 March 2023. 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 2023.
- **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 in the SoCNE.
- **Gains/Losses on Settlements and Curtailments**
The result of actions to relieve the SFRS of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the SoCNE.
- **Actuarial Gains and Losses**
Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
- **Contributions Paid to the LGPS Pension Funds**
Cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
- **Discretionary Benefits**
The SFRS has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as those applied to the relevant pension schemes.

Injury Awards

The SFRS has powers to make awards of injury benefits in the event of firefighters leaving through injury. Any liabilities estimated to arise as a result of an award to any member

of staff are accrued in the year of the decision to make the award and accounted for using the same policies as those applied to the relevant compensation schemes.

Cash and Cash Equivalents

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

Property, Plant and Equipment

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

Asset Recognition

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

Asset Measurement

Assets are initially measured at cost, comprising:

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

Land and Buildings are included at Depreciated Replacement Cost (DRC) where there is no market-based evidence of fair value because of the specialist nature of the assets. In all other cases, Existing Use Value (EUJ) 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 2023, all land, buildings and dwellings assets due for valuation under the five-year rolling programme (61% of portfolio), were re-valued by the SFRS's in-house Estates and Valuations Surveyor, Russell Munn (BSC MRICS). Consideration will be given to the potential for material changes in value for properties not included in the rolling programme.

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 Net Gain/Loss on Disposal of Property, Plant and Equipment line in the SoCNE. Receipts from disposals (if any) are credited to the same line in the SoCNE (i.e., netted off against the carrying value of the asset at the time of disposal).

Assets Held for Sale

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

- It is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.
- A plan agreed by management is in place and steps are actively being taken to conclude a sale, and
- It is actively being marketed with an expectation of a sale within the next 12 months.

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

Depreciation

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

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

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

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

Componentisation

In accordance with IAS16 Property, Plant and Equipment, a componentisation policy for material assets has been adopted with effect from 1 April 2013. The SFRS will componentise material assets with a carrying value over £0.5 million, unless, in the expert opinion of our professional valuer, it does not lend itself to componentisation by its complex nature. This will be carried out where material assets are acquired, revalued or enhanced.

The SFRS policy noted above has been applied to all relevant assets brought on from legacy services and will continue to be applied as they are revalued through the five-year rolling programme of valuations.

Intangible Assets

Intangible assets have no physical substance but are identifiable and controlled by the SFRS. It can be established that there is an economic benefit or service potential associated with the item which will flow to the SFRS. This expenditure is mainly in relation to software licenses.

Expenditure on the acquisition, creation or enhancement of intangible assets is capitalised on an accruals basis when it will bring benefits of longer than one year.

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

Inventories

Inventories are included in the SoFP on an average cost basis.

Leases

As noted in "Application of new and revised Accounting Standards", IFRS 16 Leases came into effect on 1 April 2022. All leases will be classified as a finance lease unless the underlying value is low or the lease term is less than 12 months.

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.

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

Leases that are not recognised as right-of-use assets under IFRS 16 (either because the underlying asset is of low value or the lease term is less than 12 months) will be classified as operating leases. Rentals payable under operating leases are charged to the SoCNE on a straight-line basis, over the term of the lease.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Board a legal or constructive obligation that

probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities

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

Reserves

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

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

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

Taxation

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

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

Financial Instruments

Financial Assets

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

As the Cash requirements of the SFRS are met through Grant in Aid provided by the Safer Communities Directorate, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. Cash balances are held with the Government Banking Service (GBS). Transactional services are provided by NatWest, with corporate banking arrangements held with The Royal Bank of Scotland. Therefore, the SFRS is not exposed to significant credit, liquidity or market risk in respect of financial assets. There is no difference between book value and fair value for cash and cash equivalents shown in the SoFP.

Financial Liabilities

Financial liabilities within the SFRS consist of Trade and Other Payables, Borrowings and Lease Liabilities. 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 in 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 in 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.

Further information on the Accounting Policy for Lease Liabilities is contained in the "Application of new and revised Accounting Standards" section.

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

Review of Accounting Policies and Estimation Techniques

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

The main areas of estimation relate to the following:

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

Changes in Accounting Estimates

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

Events after the Reporting Period

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

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

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.

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

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

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

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

Item	Uncertainties	Effect if actual result differs from assumptions
Property, Plant and Equipment - Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it difficult for the Board to spend adequate funds on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation materially increases and the carrying amount of the assets falls. If asset values were impacted by a reduction of 1%, then the carrying value would be reduced by approximately £4 million (assuming all operational categories are affected).
Property, Plant and Equipment - Valuation	The assets subject to revaluation are noted in the Accounting Policies under "Asset Measurement" and includes the land and buildings portfolio. Valuations were carried out by in-house registered valuer Russell M Munn BSc MRICS to comply with the requirements of the RICS "Red Book", IFRS and the FReM. 61% of the land and buildings portfolio was revalued in the year 1 April 2022 to 31 March 2023.	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 land and buildings of £174.866 million before this would result in any charge to the Statement of Comprehensive Net Expenditure.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. Consulting actuaries are engaged to provide the Board with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £47.979 million. An increase of 0.1% in the salary rate and the pension rate would increase the liability by £6.849 million and £44.273 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 2023 is £459.501 million. Please refer to Note 24 Non-Current Assets for further details.

3. OTHER OPERATING CHARGES

	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Property Costs	27,049	25,400
Supplies and Services	21,291	23,201
Transport Costs	7,751	6,371
External Auditor (fee for audit of Annual Accounts)	141	114
Transport Costs - Members	14	2
Total	56,246	55,088

4. STAFF NUMBERS AND RELATED COSTS

The average number of persons employed in the year ended 31 March 2023 was 7,619 (7,726 in 2021/22). There were 6,558 pensioners in the Firefighter Pension Schemes at 31 March 2023 (6,263 at 31 March 2022).

Related costs are shown in the following table:

	Year ended 31 March 2023			Year ended 31 March 2022		
	Permanent	Others	Total	Permanent	Others	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Wages and Salaries	202,114	0	202,114	194,609	0	194,609
Employer Pension Contribution Costs	46,756	0	46,756	46,332	0	46,332
Social Security Costs	20,705	0	20,705	19,035	0	19,035
Sub-total	269,575	0	269,575	259,976	0	259,976
IAS19 pension costs charged to net expenditure	(12,573)	0	(12,573)	16,939	0	16,939
Other staff related costs	7,916	974	8,890	6,008	1,522	7,530
Staff costs	264,918	974	265,982	282,923	1,522	284,445
Firefighter Pensions	145,449	0	145,449	127,391	0	127,391
Unfunded LGPS Benefits	533	0	533	524	0	524
Total net costs	410,900	974	411,874	410,838	1,522	412,360

Employer Pension Contributions relate to current employees. *Firefighter Pensions* represents lump sums and monthly pension payments made to retired members of the uniformed pension schemes. *Other unfunded LGPS benefits* relate to unfunded pension benefits paid to pensioners.

Note that the total of £0.974 million shown under "Others" for the year ended 31 March 2023, (£1.522 million for the year ended 31 March 2022) represents the costs of staff employed on temporary contracts through employment agencies.

5. RECONCILIATION OF NET RESOURCE EXPENDITURE

	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Staff costs	237,714	227,322
Other Operating Charges	58,338	55,910
Loss on sale of assets	0	37
Total Expenditure	296,052	283,269
Income	(1,408)	(1,300)
(Gain) on sale of assets	(55)	0
Net Expenditure for the year	294,589	281,969
Reconciliation to Annual Accounts:		
Less:		
Impairments and Revaluations charged to the Revaluation Reserve	(22,210)	(7,500)
Remeasurement loss on Pension Schemes	(2,200,982)	275,598
Movement in Provisions	(474)	319
Add:		
Pensions Interest adjustment	69,058	78,687
Depreciation and Impairment	42,830	23,847
Net Pensions Account	3	2
Corporation Tax	0	1
Statement of Comprehensive Net Expenditure	(1,817,186)	652,923

6. INCOME FROM ACTIVITIES

	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Fees and Charges	(117)	(581)
Training Course Income	(4)	(14)
Total	(121)	(595)

There has been a reduction in income from activities in 2022/23, as 2021/22 included income from a number of externally funded projects that have not continued through to the current financial year i.e., Test and Protect relating to the Covid-19 pandemic.

7. OTHER INCOME

	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Pensions	(186,047)	(167,870)
Seconded Officers	(704)	(679)
External Funding Grants	(1,086)	(882)
Other Property Income	(641)	(482)
Total	(188,478)	(169,913)

8. INTEREST PAYABLE

	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Interest Payable on Outstanding Debt	2,064	2,252
Interest on Right of Use Assets	15	0
Total	2,079	2,252

9. TRADE AND OTHER RECEIVABLES

Analysis by Type

Amounts falling due within one year	As at 31 March 2023	As at 31 March 2022
	£000s	£000s
Trade Receivables	466	645
Other Receivables	7,048	6,168
Prepayments	2,067	2,012
Accrued Income	1,553	1,533
Total	11,134	10,358

This reflects an increase of £0.776 million since 31/3/2022 (compared to a decrease of £2.269 million in the prior year). Trade and Other Receivables includes an estimate of £0.011 million (£0.006 million in 2021/22) for credit losses arising during 2022/23. There are no contracted receivables.

Analysis by Organisation

Amounts falling due within one year	As at 31 March 2023	As at 31 March 2022
	£000s	£000s
Central Government Bodies	7,076	7,014
Other Local Authorities	184	43
Public Corporations	7	6
Other Entities and Individuals	3,867	3,295
Total	11,134	10,358

10. TRADE AND OTHER PAYABLES

Analysis by Type

Amounts falling due within one year	As at 31 March 2023	As at 31 March 2022
	£000s	£000s
Accruals	23,955	29,305
Deferred Income	0	216
Trade and Other Payables	5,783	3,433
Other Taxation and Social Security	8,168	5,188
Total	37,906	38,142

Analysis by Organisation

Amounts falling due within one year	As at 31 March 2023	As at 31 March 2022
	£000s	£000s
Bodies External to Government	19,334	22,236
Central Government Bodies	14,890	12,184
Accumulated Absences	3,240	3,336
Local Authorities	102	88
Public Corporations	340	298
Total	37,906	38,142

This reflects a decrease of £0.236 million since 31/3/2022 (compared to an increase of £5.708 million in the prior year). Included within the figure of £14.890 million for Central Government Bodies as at 31 March 2023 was a balance of £4.677 million relating to Firefighters' Pensions (£2.095 million in 2021/22). Further analysis is shown in Note 29.

11. CORPORATION TAX

Corporation Tax is due to be paid by the SFRS on any chargeable gains made from the sale of properties and any other income generated from non-business activities. There were no chargeable gains made during 2022/23 from any activities. The amount payable to HMRC for the year ended 31 March 2023 is therefore nil (£0.001 million in 2021/22).

12. CASH AND CASH EQUIVALENTS

	As at 31 March 2023	As at 31 March 2022
	£000s	£000s
Government Banking Service Bank Account	427	413
Commercial Banks and Cash in Hand	111	134
Total	538	547

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 two 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 2022/23 was between 17.0% and 29.3% of the employees' pensionable pay depending on which local authority the pension was held with. The rates may change in 2023/24 as most LGPS funds have experienced increased funding levels. 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 **Fire 2015 Scheme** was introduced on 1 April 2015 and is a CARE scheme rather than a final salary pension scheme. Until 31 March 2022, there were two other Pension Schemes containing operational employees: The Firefighters' Pension Scheme 1992 and the New Firefighters' Pension Scheme 2006. These were replaced by the Fire 2015 Scheme to which members of the other schemes transferred between 2015 and 2022, with the transfer date depending on age and service. All new eligible employees entering the Service join the Fire 2015 Scheme automatically. Under the new arrangements the normal pension age for firefighters is 60.
- 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. 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 Funds 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's liability as at 31 March 2023, as they were the actuaries for the Pension Funds noted above.

A full valuation of the LGPS was undertaken as at 31 March 2020 for all 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 2022/23 are based on the results of this recent formal valuation.

The Firefighters' Pension Schemes liability as at 31 March 2023 has been calculated by rolling forward the liabilities determined from full actuarial valuation calculations carried out as at 31 March 2020. The main assumptions used in their calculations are shown in the following table:

	LGPS		Firefighters' Schemes		Injury Benefits	
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
Mortality assumptions:						
Longevity at 60 for current pensioners						
Men	-	-	24.7	25.0	24.7	25.0
Women	-	-	24.7	25.0	24.7	25.0
Longevity at 60 for future pensioners						
Men	-	-	26.5	26.7	26.5	26.7
Women	-	-	26.5	26.7	26.5	26.7
Longevity at 65 for current pensioners						
Men	19.0-21.0	18.9-21.5	20.1	20.2	20.1	20.2
Women	22.2-23.4	22.3-24.2	20.1	20.2	20.1	20.2
Longevity at 65 for future pensioners						
Men	20.4-22.4	20.3-23.0	21.8	21.9	21.8	21.9
Women	23.9-25.4	23.9-26.3	21.8	21.9	21.8	21.9
Rate of inflation (RPI)	3.2%-3.9%	3.5%-4.0%				
Rate of inflation (CPI)	2.7%-2.95%	3.15%-3.3%	2.4%	2.9%	2.4%	2.9%
Rate of increase in salaries	3.45%-4.2%	3.7%-4.8%	3.65%	4.15%	3.65%	4.15%
Rate of increase in pensions	2.8%-2.95%	3.2%-3.4%	2.4%	2.9%	2.4%	2.9%
Rate for discounting scheme liabilities	4.75%-4.8%	2.6%-2.8%	4.15%	1.55%	4.15%	1.55%

In the year ended 31 March 2023, 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 (2022) 08 Revised, dated 2 December 2022 for Annual Accounts prepared under FReM.
- Barnett Waddingham: use sample cashflows for employers at each year and derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate). 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 8% of the total LGPS pension asset.
- Hymans Robertson: a Corporate Bond yield curve has been constructed using the UBS corporate bond curve (derived by applying the UBS delta curve fitting

methodology to the constituents of the iBoxx £ Corporate AA index). The discount rate reflects the 'term' of the benefit obligation which they interpret to be the weighted average duration of the benefit obligation. They calculate the weighted average duration for each employer and categorise each employer's duration. This actuary measured 86% of the total LGPS pension asset.

- 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 6% of the total LGPS pension asset.

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

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

Sensitivity Analysis

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

	31 March 2023		31 March 2022	
	Change in Employer Liability *	Approximate Monetary Amount	Change in Employer Liability *	Approximate Monetary Amount
	(%)	£000s	(%)	£000s
0.1% increase in real discount rate	1.4% - 2.0%	47,979	1.9% - 2.0%	98,146
1-year increase in member life expectancy	2.1% - 4.0%	86,871	3.0% - 4.8%	182,107
0.1% increase in salary rate	0.2% - 0.3%	6,849	0.2% - 0.3%	15,280
0.1% increase in pensions increase rate (CPI)	1.2% - 2.0%	44,273	1.5% - 2.0%	78,091

* 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.

Table 1 Narrative	Year ended 31 March 2023				Year ended 31 March 2022			
	LGPS	Combined FPS	Injury Benefits	Total	LGPS	Combined FPS	Injury Benefits	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Current service costs	16,034	120,600	2,400	139,034	15,656	129,200	2,600	147,456
Past service costs / (gains)	0	0	0	0	47	0	0	47
Losses / (gains) on curtailments and settlements	0	0	0	0	0	0	0	0
Admin Expenses	16	0	0	16	20	0	0	20
Total Service cost	16,050	120,600	2,400	139,050	15,723	129,200	2,600	147,523
Employer contribution	(7,523)	(141,600)	(2,500)	(151,623)	(6,584)	(121,700)	(2,300)	(130,584)
Deducted from / (Added to) Staff Costs	8,527	(21,000)	(100)	(12,573)	9,139	7,500	300	16,939
Net Interest Cost *	731	79,500	1,400	81,631	1,248	59,500	1,000	61,748
Impact on Net Expenditure after Interest	9,258	58,500	1,300	69,058	10,387	67,000	1,300	78,687
Remeasurements recognised in Other Comprehensive Income*								
Actuarial losses / (gains)	(34,982)	(2,134,900)	(31,100)	(2,200,982)	(45,402)	316,700	4,300	275,598

* 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.

Table 2	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Net Interest Cost		
LGPS	731	1,248
Combined FPS	79,500	59,500
Injury Benefits	1,400	1,000
Total Net Interest Cost	81,631	61,748
Actuarial Losses / (Gains)		
LGPS	(34,982)	(45,402)
Combined FPS	(2,134,900)	316,700
Injury Benefits	(31,100)	4,300
Total Actuarial Losses / (Gains)	(2,200,982)	275,598

The table above shows a change in the actuarial position from a loss of £0.276 billion in 2021/22, to a gain of £2.201 billion in 2022/23. The Total Net Interest Cost and Total Actuarial Losses / (Gains) are shown on the Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2023.

Remeasurement recognised in the Other Comprehensive Income

Table 3 Year end 31 March 2023	Assets		Obligations			
	LGPS	LGPS	Combined FPS	Injury Benefits	IFRIC 14 Adjustment	Net (Liability)/ Asset
	£000s	£000s	£000s	£000s	£000s	£000s
Change in Financial Assumptions		158,581	2,226,800			2,385,381
Change in Demographic Assumptions		2,904	186,100			189,004
Other Experience Changes		(19,735)	(278,000)	31,100		(266,635)
Return on Assets excluding amounts included in net interest	(15,518)					(15,518)
Adjustment for IFRIC 14 Net asset reduction					(91,250)	(91,250)
Total remeasurements recognised in Other Comprehensive Income	(15,518)	141,750	2,134,900	31,100	(91,250)	2,200,982

Table 4 Year end 31 March 2022	Assets		Obligations			
	LGPS	LGPS	Combined FPS	Injury Benefits	Net (Liability)/ Asset	
	£000s	£000s	£000s	£000s	£000s	
Change in Financial Assumptions		(25,844)	314,700	5,200	294,056	
Change in Demographic Assumptions		(2,031)			(2,031)	
Other Experience Changes		207	2,000	(900)	1,307	
Return on Assets excluding amounts included in net interest	(17,734)				(17,734)	
Total remeasurements recognised in Other Comprehensive Income	(17,734)	(27,668)	316,700	4,300	275,598	

Statement of Financial Position

IAS19 requires the SFRS to account for pension liabilities of £3.121 billion as at 31 March 2023, (£5.252 billion in 2021/22) as valued by the actuaries mentioned above.

Table 5	As at 31 March 2023	As at 31 March 2022
	£000s	£000s
Present value of liabilities:		
- Local Government Pension Scheme	0	(379,076)
- Firefighters' Pension Schemes	(3,064,593)	(5,140,993)
- Injury Benefits	(57,762)	(87,562)
Fair value of assets in the Local Government Pension Scheme	0	355,202
Total Pension Liabilities	(3,122,355)	(5,252,429)
Present value of liabilities – Local Government Pension Scheme	(258,639)	0
Fair value of assets in the Local Government Pension Scheme	260,489	0
Total Pension Assets	1,850	0
Total Pension Position	(3,120,505)	(5,252,429)
(Deficit)/Surplus in the scheme:		
- Local Government Pension Scheme	1,850	(23,874)
- Firefighters' Pension Schemes	(3,064,593)	(5,140,993)
Sub-total	(3,062,743)	(5,164,867)
- Injury Benefits	(57,762)	(87,562)
Total	(3,120,505)	(5,252,429)

- The liabilities as at 31 March 2023 show the underlying commitments that the SFRS has in the long run to pay retirement benefits. The total liability of £3.121 billion has a substantial impact on the net worth of the SFRS as recorded in the SoFP, resulting in a negative overall balance of £2.620 billion. However, statutory arrangements for funding the deficit mean that the financial position of the SFRS remains healthy.
- As at the 31 March 2023, the net discount rate has significantly increased compared to the previous year's Accounting Date, leading to a large gain on the balance sheet for the LGPS. This has resulted in an asset surplus for 2022/23. Asset surpluses have to be safeguarded and therefore restrictions are placed on any gain in the SoCNE.
- IAS 19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As there is no unconditional right to a refund, the actuaries have calculated whether there are economic benefits in the form of reductions in future contributions, in accordance with IFRIC 14. This has resulted in an asset ceiling of £1.850 million being calculated for the LGPS asset surplus that has arisen this financial year. An adjustment to the defined benefit plan asset has been required in accordance with IAS19 and IFRIC 14 to take account of the asset ceiling.
- In relation to the LGPS, the Statement of Financial Position is based on the 2020 Fund valuations. There has also been an increase in the nominal discount rate from 2.6 – 2.8% to 4.75 – 4.8% p.a. and a decrease in CPI from 3.15 – 3.3% to 2.7 – 2.95% which has decreased the liabilities. This has been offset by a slight decrease in investment markets over the period which has resulted in a decrease in asset values (total assets of £351.7 million in 2022/23 compared to £355.2 million in 2021/22, see table 13c below).
- Although the SFRS is in an unusual position of having an asset surplus at 31 March 2023, in previous years there has been a deficit on the LGPS. Any deficit is covered 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 2024, based on current membership is £7.089 million.
- The assessed actuarial liability in the Combined FPS Scheme (excluding injury benefits) as at 31 March 2023 is £3.065 billion. This compares to the liability of £5.141 billion as at 31 March 2022. The liability has decreased primarily due to an increase in the discount rate from 1.55% to 4.15% and also, to a lesser extent, a reduction in expectations for future indexation (CPI inflation) from 2.9% to 2.4% and long-term pay increases from 4.15% to 3.65%.
- Finance is only required to be raised to cover firefighters' pensions and injury benefits when the payments are actually made. Employer contributions are estimated to be £41.490 million in 2023/24.

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

Table 6	LGPS		Firefighter Schemes		Injury Benefits	
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
Weighted average duration in years of the defined benefit obligation	19.6	20.1	16.0	21.0	16.0	21.0

Actuarial valuation as at 31 March 2023

- All Local Government Pension Scheme (LGPS) funds in Scotland have undertaken actuarial valuations as at 31 March 2023. The valuation is a health check on each of the funds. In addition, the valuation process will set employer contribution rates for the three years from 1 April 2024.
- Actuarial valuations have recently confirmed that most LGPS funds have experienced increased funding levels and therefore future contribution rates may reduce. Proposed contribution rates have been set out in draft funding strategies which are currently subject to consultation, with final strategies and rates to be approved by 31 March 2024.
- Where contribution rates are reduced, the Service will benefit through lower expenditure in future years. These changes may also increase any pension asset value recognised in the Statement of Financial Position. Due to the ongoing discussions between pension funds and employers as at December 2023, no adjustment has been considered necessary with regard to the pension disclosures in the financial statements at 31 March 2023.

c) Asset and Defined Benefit Obligation Reconciliation

Reconciliation of opening and closing deficit	LGPS	Combined FPS	Injury Benefits	LGPS	Combined FPS	Injury Benefits
	Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2022	Year ended 31 March 2022
	£000s	£000s	£000s	£000s	£000s	£000s
Deficit at beginning of year	(23,874)	(5,140,993)	(87,562)	(58,889)	(4,757,293)	(81,962)
Current Service Cost	(16,034)	(120,600)	(2,400)	(15,656)	(129,200)	(2,600)
Employer Contributions	7,523	141,600	2,500	6,584	121,700	2,300
Past Service Costs	0	0	0	(47)	0	0
Curtailements / Settlements	0	0	0	0	0	0
Admin Expenses	(16)	0	0	(20)	0	0
Net Interest Cost	(731)	(79,500)	(1,400)	(1,248)	(59,500)	(1,000)
Actuarial (losses) / gains	126,232	2,134,900	31,100	45,402	(316,700)	(4,300)
Net Asset Restriction Applied	(91,250)	0	0	0	0	0
(Deficit) / Surplus at end of year	1,850	(3,064,593)	(57,762)	(23,874)	(5,140,993)	(87,562)
Reconciliation of opening and closing balances of the present value of the defined benefit obligation	LGPS	Combined FPS	Injury Benefits	LGPS	Combined FPS	Injury Benefits
	Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2022	Year ended 31 March 2022
	£000s	£000s	£000s	£000s	£000s	£000s
Opening Defined Benefit Obligation	(379,076)	(5,140,993)	(87,562)	(388,498)	(4,757,293)	(81,962)
Current Service Cost	(16,034)	(120,600)	(2,400)	(15,656)	(129,200)	(2,600)
Interest Cost	(10,346)	(79,500)	(1,400)	(7,880)	(59,500)	(1,000)
Member Contributions	(2,291)	0	0	(1,997)	0	0
Curtailements / Settlements	0	0	0	0	0	0
Past Service Costs	0	0	0	(47)	0	0
Transfers In from Other Authorities	0	(3,000)	0	0	(1,300)	0
Transfers Out to Other Authorities	0	900	0	0	500	0
Estimated Benefits paid	7,358	143,700	2,500	7,334	122,500	2,300
Actuarial (losses) / gains	141,750	2,134,900	31,100	27,668	(316,700)	(4,300)
Closing Defined Benefit Obligation	(258,639)	(3,064,593)	(57,762)	(379,076)	(5,140,993)	(87,562)

Reconciliation of opening and closing balances of the fair value of Scheme assets	LGPS	
	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Opening fair value of Scheme assets	355,202	329,610
Expected return on Scheme assets	9,615	6,632
Member Contributions	2,291	1,996
Curtailments / Settlements	0	0
Employer Contributions	7,523	6,584
Admin Expenses	(16)	(20)
Estimated Benefits paid	(7,358)	(7,334)
Actuarial (losses) / gains	(15,518)	17,734
Fair value of Scheme assets at end of year	351,739	355,202
Net Asset Restriction Applied	(91,250)	0
Fair value of Scheme assets at end of year after Net Asset Restriction Applied	260,489	355,202

Information in respect of the LGPS Defined Benefit Obligation

	Liability	
	£000s	%
Active Members	125,323	48.46
Deferred Members	36,653	14.17
Pensioner Members	86,228	33.34
Unfunded Obligations	10,435	4.03
Total	258,639	100.00

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 2023			Year ended 31 March 2022		
	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	21,146	22	21,168	23,046	8	23,054
Manufacturing	20,582	257	20,839	18,917	27	18,944
Energy and Utilities	6,005	0	6,005	6,371	14	6,385
Financial Institutions	12,854	13	12,867	14,270	17	14,287
Health and Care	14,566	10	14,576	13,880	19	13,899
Information Technology	12,466	17	12,483	18,687	0	18,687
Other	22,739	0	22,739	25,790	0	25,790
Sub-total	110,358	319	110,677	120,961	85	121,046
Debt Securities						
Corporate Bonds	6,277	253	6,530	6,140	277	6,417
UK Government Bonds	9,482	1,414	10,896	8,658	1,035	9,693
Other	2,101	1,196	3,297	1,473	992	2,465
Sub-total	17,860	2,863	20,723	16,271	2,304	18,575
Private Equity	36	46,028	46,064	6	37,053	37,059
Property	7,511	19,775	27,286	8,097	20,405	28,502
Investment Funds and Unit Trusts						
Equities	26,633	62,632	89,265	26,605	68,048	94,653
Bonds	4,658	22,256	26,914	5,981	19,649	25,630
Commodities	0	70	70	1,236	61	1,297
Infrastructure	588	14,087	14,675	501	8,322	8,823
Other	1,947	3,523	5,470	1,173	3,895	5,068
Sub-total	33,826	102,568	136,394	35,496	99,975	135,471
Derivatives						
Foreign Exchange	3	0	3	3	0	3
Cash and Cash Equivalents	9,679	913	10,592	14,486	60	14,546
Total	179,273	172,466	351,739	195,320	159,882	355,202

(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 2023 can be analysed into the following categories:

	Year ended 31 March 2023				Year ended 31 March 2022			
	LGPS	FPS	Injury Benefits	Total	LGPS	FPS	Injury Benefits	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Actual return less expected return on pension scheme assets	(15,518)	0	0	(15,518)	17,734	0	0	17,734
Changes in assumptions underlying the present value of the scheme liabilities	141,750	2,134,900	31,100	2,307,750	27,668	(316,700)	(4,300)	(293,332)
Net Asset Restriction Applied	(91,250)	0	0	(91,250)	0	0	0	0
Actuarial (losses) / gains in pension scheme	34,982	2,134,900	31,100	2,200,982	45,402	(316,700)	(4,300)	(275,598)
Actuarial (losses) / gains recognised in Statement of Changes in Taxpayers Equity	34,982	2,134,900	31,100	2,200,982	45,402	(316,700)	(4,300)	(275,598)

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. During the year, funding of £56,220 (£nil in 2021/22) was provided to the SFRS Educational, Cultural and Commemorative Trust to support the development of the Museum of Scottish Fire Heritage.

In addition, the SFRS incurred costs that were recharged to the SFRS Educational, Cultural and Commemorative Trust in relation to staff costs, website development and other expenditure. The total of these costs was £60,525 excluding VAT where applicable (£48,686 in 2021/22), of which £10,723 plus VAT (£nil in 2021/22) was included in trade receivables and £49,802 (£48,686 in 2021/22) in accrued income at the year end. The SFRS provides payroll administration for the SFRS Family Support Trust, the relevant staff costs are then recovered from the SFRS Family Support Trust. During the year, the total salary cost recharged to the SFRS Family Support Trust was £130,883 (£125,857 in 2021/22), of which £32,595 (£65,458 in 2021/22) was included in accrued income at the year end.

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 2023	Year ended 31 March 2022
	£000s	£000s
Not later than one year	222	376
Later than one year but not later than 5 years	244	595
Later than 5 years	283	965
Total	749	1,936

The total charged to the SoCNE in the year ended 31 March 2023 for leases relating to Land and Buildings was £0.285 million (£0.364 million in 2021/22). 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 2023	Year ended 31 March 2022
	£000s	£000s
Not later than one year	0	48
Later than one year but not later than 5 years	0	44
Total	0	92

Car leases are now accounted for under IFRS16 Leases however, lease extensions and vehicle servicing costs are still charged to the resource account. There is, therefore, no future financial commitment under operating leases for cars other than any lease extensions which cannot be predicted for future accounting periods. The total charged to the SoCNE in the year ended 31 March 2023 for car leases was £0.049 million (£0.124 million in 2021/22).

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 2023. Rents receivable in the year ended 31 March 2023 totalled £0.641 million (£0.482 million in 2021/22). Included within rent receivable for 2022/23 was £0.524 million (£0.385 million in 2021/22) in relation to contingent rents, being recharge of utility costs for a number of the leased premises.

During 2022/23 there were 44 different lease agreements in place with 13 different organisations. Of the 44 lease agreements, 37 of these related to rental of office space or accommodation, 4 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 2023. Whilst the SFRS knows about these claims when they arise and can use past experience to estimate the likely liability, the actual timing of these payments is uncertain as a result of the claims process having to run its course and for agreement to be reached with the insurers.

The other provisions represent obligations due in respect of legacy service employee related liabilities and are based on the latest information available at this time.

	Provisions less than one year			Provisions more than one year		
	Public & Employee Liability Exposure	Other related liabilities	Total	Public & Employee Liability Exposure	Other related liabilities	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Balance as at 1 April 2021	1,594	240	1,834	0	0	0
Additional provisions made year ended 31 March 2022	506	0	506	0	0	0
Amounts used year ended 31 March 2022	(187)	0	(187)	0	0	0
Unused amounts reversed in year ended 31 March 2022	0	0	0	0	0	0
Transfer from / (to) Long Term Provisions	(1,275)	0	(1,275)	1,275	0	1,275
Balance as at 31 March 2022	638	240	878	1,275	0	1,275
Additional provisions made year ended 31 March 2023	136	0	136	0	0	0
Amounts used year ended 31 March 2023	(610)	(240)	(850)	0	0	0
Unused amounts reversed in year ended 31 March 2023	0	0	0	0	0	0
Transfer from / (to) Long Term Provisions	316	0	316	(316)	0	(316)
Balance as at 31 March 2023	480	0	480	959	0	959

This reflects a decrease of £0.714 million since 31/3/2022 (compared to an increase of £0.319 million in the prior year).

17. FUTURE CAPITAL COMMITMENTS

The following table reflects commitments to capital projects for the financial year ending 31 March 2023 of £7.287 million (£24.080 million in 2021/22).

	Year ended 31 March 2023
	£000s
Property	
Inverness Fire Station Re-development	600
Property Project Costs	300
Disposal Costs	60
Property Minor Works Projects	1,174
Vehicles	
Frontline Appliances	3,045
Aerial Platforms & Body builds	389
Wildfire Vehicles	780
ICT Equipment	
Network Infrastructure	59
ICT Project costs	180
New Mobilising System	700
Total	7,287

18. FINANCE LEASES

The SFRS has inherited finance leases from legacy services covering a fire station and garage at Lochaline.

This is an arrangement with Highland Council which commenced on 29 March 2012 with a duration of 30 years. A grassum was paid at the time and therefore there is no outstanding lease obligation.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into such as adjustments following rent reviews.

19. GRANT IN AID

	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Cash GiA received to meet operational expenditure	301,226	272,055
Cash GiA received to fund replacement capital expenditure	34,740	38,783
Total	335,966	310,838

Grant in Aid income received from the Scottish Government for the financial year ended 31 March 2023 was £335.966 million compared to a budget of £328.147 million. The £7.819 million variance relates to the timing of the VAT reclaim and changes in working capital, as a result of 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. The table reflects a decrease of £0.286 million since 31/3/2022 (compared to a decrease of £0.212 million in the prior year).

	As at 31 March 2023	As at 31 March 2022
	£000s	£000s
Employee Pension Arrears repayment	573	835
Employee soft loans relating to legacy service payroll transition	33	57
Total	606	892

21. INVENTORIES

The main categories of inventory held are shown below.

	Consumables	Fuel	Total
	£000s	£000s	£000s
Opening Balance as at 1 April 2021	5,892	259	6,151
Movement during the year	(4,626)	63	(4,563)
Stock written off	(63)	(2)	(65)
Opening Balance as at 1 April 2022	1,203	320	1,523
Movement during the year	(42)	(51)	(93)
Stock written off	0	0	0
Closing Balance as at 31 March 2023	1,161	269	1,430

The movement during the year was £0.093 million (£4.563 million in 2021/22). Inventory recognised as an expense totalled £2.501 million (£2.231 million in 2021/22). In 2021/22, the remaining £2.332 million included the reclassification of unissued personal protective equipment (PPE) from inventory to Property, Plant and Equipment (i.e., non-current asset) and receipts of inventory.

22. RESOURCE LIMIT – OUTTURN YEAR ENDED 31 MARCH 2023

Expenditure Type	Year ended 31 March 2023			Year ended 31 March 2022
	Outturn	Budget	Variance	Variance
	£000s	£000s	£000s	£000s
Department Expenditure Limit (DEL)				
Net Resource Expenditure	294,589	293,234	1,355	(357)
Net Capital Expenditure	34,911	34,913	(2)	1,971
Total DEL Expenditure	329,500	328,147	1,353	1,614
Ring-fenced DEL				
Depreciation	31,430	27,452	3,978	(3,172)
Total Ring-fenced DEL	31,430	27,452	3,978	(3,172)
Impairment	11,365	8,000	3,365	(7,981)
Provisions	(714)	1,000	(1,714)	(681)
Pension	9,258	11,000	(1,742)	3,387
Corporation Tax	0	1	(1)	0
Right of Use Property Leases – Peppercorn Depreciation	35	35	0	0
Total Annually Managed Expenditure (AME)	19,944	20,036	(92)	(5,275)
Total Managed Expenditure	380,874	375,635	5,239	(6,833)

The outturn figures in the previous table are shown on an accruals basis. The total variance of £5.239 million represents both cash and non-cash overspends in the year ended 31 March 2023; the major contributing reasons are as follows.

Our key measure of financial performance is the comparison of expenditure against Departmental Expenditure Limit (DEL) funding provided by the Scottish Government.

The Resource DEL variance of £1.355 million for the year ended 31 March 2023 relates to a combination of factors noted in the following table and explained further in the subsequent narrative.

	£000s	£000s
Employee Costs		
Retained Activity	1,277	
Support Staff	(418)	
Uniformed Staff	(1,313)	
Other (see narrative following this table)	199	
		(255)
Operating Charges		
Property	535	
Transport	(824)	
Supplies and Services	(326)	
Other (see narrative following this table)	(237)	
		(852)
Income under-recovery		(303)
Gain on Disposal of Assets		55
Net overspend		(1,355)

Overspends are shown in brackets.

The impact of the pay settlement in response to the cost of living crisis resulted in overspends within both the Wholetime and Control employee groups. This was partly offset by the impact of the pension remedy, which resulted in an increase in retirals during the year.

On call staff were also subject to the increased pay settlement but this was more than offset by the voluntary increase in drill night hours not being fully adopted across the Service.

Support staff costs overspent mainly in relation to projects to replace the systems that support Command and Control and People, Training, Payroll, and Finance.

Other employee costs underspent, mainly due to a reduction in the number of ill health retirals. This was partly offset by overspends within training, subsistence and other employee costs.

Property costs underspent mainly due to savings in respect of property repairs and maintenance along with rates bills. The savings in rates was the result of the increase in local authority rates being less than budgeted. Supplies and Services overspent mainly due to a legacy asbestosis claim. Transport costs overspent due to the increase in world-wide fuel prices following the Russian invasion of Ukraine.

Third party costs overspent mainly due to the projects to replace the systems that support Command and Control and People, Training, Payroll, and Finance.

There was an under recovery of income related to payments due from the Modern Apprenticeship Scheme. After an internal audit review, corrective actions agreed with respective Directorates are being progressed and reported on.

The Capital DEL budget underspent by £0.002 million, due to Right of Use Assets Lease payments being lower than forecast.

The Ring Fenced DEL budget for Depreciation in the year was £27.452 million, with the actual requirement being £31.430 million, resulting in an overspend of £3.978 million. The main reason relates to the Command Control Futures (CCF) Project due to the termination of the contract with the supplier, Systel. The project was delayed during 2022/23 due to the failure of the supplier to perform their contractual responsibilities. Capital expenditure for the project had accumulated in Assets under Construction from 2014/15 until 2021/22. A review carried out in 2022/23 identified £5.2 million as having retained benefit. Depreciation of £4.4 million on these assets over the period has been recognised in 2022/23.

The AME Impairment budget of £8 million covers the impairment of properties through the normal rolling programme of property valuations. The actual impairment in 2022/23 is £11.365 million, £3.365 million higher than budget. The McDonald Road Fire Station Refurbishment was completed in 2022/23, resulting in an impairment of £6.4 million due to delays on site during construction caused by Covid, the cost of temporary facilities during the build and increased build costs over the length of the project.

In addition, the contract with Systel was terminated in December 2022. A review carried out during 2022/23 classified £5.22 million of project costs as Impairment charges, as there was no retained benefit to this element of expenditure for the Service.

Other Impairment charges resulting from the normal rolling programme of property valuations of at least 50% the Property Portfolio totalled £0.3 million.

The variance on the AME Provisions budget of £0.714 million reflects the impact of new provisions being recognised and the release of provisions no longer required during the year being less than budgeted.

AME Pension budget of £11 million was provided to cover the impact on the SoCNE of LGPS IAS19 adjustments (see Note 13 (b), Statement of Net Comprehensive Expenditure). The effect of these adjustments in 2022/23 is £9.258 million compared to £10.387 million in 2021/22, resulting in an under-utilisation of budget cover of £1.742 million (over-utilisation of £3.378 million in 2021/22). This has been caused by a number of factors including an increase in employer contributions and a decrease in the net interest cost.

The combined AME budget across all items is over-utilised by £0.224 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 is 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.
- **Market risk** – the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rates and stock market movements.

Overall Procedures for Managing Risk

The Board's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The Board formally adopts the requirements set out within the Financial Reporting Manual (FReM) and the Scottish Public Finance Manual and through The Audit and Risk Assurance Committee, ensures that appropriate risk management, governance and internal control systems, principles and policies are in place and operating effectively. These principles are implemented and followed by the Finance Department.

Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks as well as credit exposure to customers.

For banks, funds are held and transacted through Government Banking Scheme accounts. Transactional services are provided by NatWest, with corporate banking arrangements held with The Royal Bank of Scotland. Therefore, there is little exposure to credit risks from these deposits.

Credit risk is the risk of financial loss to the Board if a customer fails to meet their contractual obligations. Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in line 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 2023	As at 31 March 2022
	£000s	£000s
Trade Receivables	466	645
Total	466	645

Of the £11.134 million total Trade and Other Receivables figure (£10.358 million in 2021/22), £0.466 million (£0.645 million in 2021/22) relates to trade receivables. The SFRS generally allows 30-day credit terms for its trade receivables, and all efforts will be made to ensure that debts are paid. Trade receivables can be analysed by age as shown in the following table:

	As at 31 March 2023	As at 31 March 2022
	£000s	£000s
Less than three months	442	608
Three to six months	1	2
Six months to one year	1	5
More than one year	22	30
Total	466	645

Collateral – During this and the previous reporting period, the Board held no collateral as security.

Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due. This risk is managed by ensuring that enough funds are available to meet liabilities as they fall due by carrying out rigid and close monitoring of cashflow on a daily basis and regular reviews of expenditure requirements during the month. The Board's main source of income is Grant in Aid income provided by the Scottish Government. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risk

Market Risk is the risk that financial loss might arise as a result of changes in measures such as interest rates. The borrowings held by the SFRS were taken out by legacy Fire and Rescue Services or on behalf of legacy Fire and Rescue Services by the lead authority. 71% (72% in 2021/22) of the borrowings held by the SFRS are at fixed interest rates with the interest on the remainder calculated by each former lead authority using a pooled interest rate which is applied to all loans in their portfolio. All borrowings relate to legacy services as the SFRS has no power to borrow funds and therefore, no new borrowings have been entered into since the SFRS was established as a single national service in 2013. Any additional interest due as a result of changes in interest rates in future years will be met from Grant in Aid income provided by the Scottish Government.

Financial Instruments Balances

The borrowings disclosed in the SoFP are made up of the following categories of financial instruments:

Financial Liabilities by Category

Loans and Payables	As at 31 March 2023		As at 31 March 2022	
	Current	Non-Current	Current	Non-Current
	£000s	£000s	£000s	£000s
Loans direct from PWLB / National Loans Fund	2,044	22,831	4,348	24,603
Loans direct from Commercial Lenders	4	1,500	4	1,500
Loans from Scottish Local Authorities*	1,390	11,111	1,420	12,160
Loans sub-total	3,438	35,442	5,772	38,263
Lease Liabilities	348	4,536	0	0
Trade and other payables not including non-financial liabilities	5,783	0	2,954	0
Total Financial liabilities	9,569	39,978	8,726	38,263

* 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 2022/23 of £5.155 million (£2.736 million in 2021/22).

Further information on lease liabilities is provided in Note 32.

Financial Assets by Category

Other Financial Assets	As at 31 March 2023		As at 31 March 2022	
	Current	Non-Current	Current	Non-Current
	£000s	£000s	£000s	£000s
Trade and other receivables not including non-financial assets	466	0	645	0
Cash and cash equivalents	538	0	547	0
Total Financial assets	1,004	0	1,192	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 2023	Financial Liabilities Other Liabilities	Financial Assets Loans and trade receivables	Total
	£000s	£000s	£000s
Interest expense – borrowings	2,064	0	2,064
Interest expense – right of use assets	15	0	15
Impairment losses	0	0	0
Interest payable and similar charges	2,079	0	2,079
Interest income	0	0	0
Interest and investment income	0	0	0
Net loss for the year	2,079	0	2,079

Financial Instruments Losses Year ended 31 March 2022	Financial Liabilities Other Liabilities	Financial Assets Loans and trade receivables	Total
	£000s	£000s	£000s
Interest expense - borrowings	2,252	0	2,252
Impairment losses	0	0	0
Interest payable and similar charges	2,252	0	2,252
Interest income	0	0	0
Interest and investment income	0	0	0
Net loss for the year	2,252	0	2,252

The total charged to the SoCNE in the year ended 31 March 2023 for loan expenses was £0.003 million (£0.007 million in 2021/22).

Fair Value of Assets and Liabilities

As permitted by IFRS 7 Financial Instruments: Disclosures, the fair value of lease liabilities is not included in the table below. 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 2023		As at 31 March 2022	
	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	22,831	26,478	24,603	34,340
Loans direct from Commercial Lenders	1,500	1,764	1,500	2,647
Loans from Scottish Local Authorities	11,111	12,460	12,160	15,371
Total debt	35,442	40,702	38,263	52,358
Other financial liabilities	0	0	0	0
Total Financial liabilities	35,442	40,702	38,263	52,358

The fair values of loans are calculated using Fair Value Hierarchy Level 2 inputs whereby Level 2 inputs are inputs other than quoted prices that are observable for the liability, either directly or indirectly. The fair value is greater than the carrying amount because the Board's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the SoFP date.

The fair values for financial liabilities have been determined by reference to the Public Works Loan 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 2023

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 2022	127,772	313,619	821	114,033	46,948	17,611	403	49,162	1,211	2,617	674,197
Additions	0	9,537	0	2,233	2,985	3,390	736	17,694	10	0	36,585
Transfers in/(out)	0	23,663	0	2,545	(440)	10,226	1,153	(38,720)	0	1,576	3
Disposals	0	0	0	(519)	0	0	0	0	0	(1,038)	(1,557)
Revaluation - Revaluation Reserve	6,650	6,956	7	0	0	0	63	0	10	(650)	13,036
As at 31 March 2023	134,422	353,775	828	118,292	49,493	31,227	2,355	28,136	1,231	2,505	722,264
Depreciation & Impairment											
As at 1 April 2022	(1,424)	(19,677)	(661)	(56,806)	(30,246)	(8,495)	(76)	0	(166)	(2,031)	(119,582)
Depreciation charge for the year	0	(10,167)	(6)	(7,454)	(6,021)	(7,172)	(175)	0	0	0	(30,995)
Depreciation – Revaluation Reserve	0	11,543	11	0	0	0	150	0	0	726	12,430
Impairments – Revaluation Reserve	377	(1,863)	0	0	0	0	(39)	0	0	(6)	(1,531)
Impairments – SoCNE	291	(6,051)	0	(26)	0	(5,220)	(245)	0	0	(114)	(11,365)
Transfers in/(out)	0	0	0	1,005	407	0	0	0	0	(1,412)	0
Disposals	0	0	0	434	0	0	0	0	0	727	1,161
Revaluation decrease – Rev Reserve	(333)	(1,392)	0	0	0	0	0	0	0	0	(1,725)
As at 31 March 2023	(1,089)	(27,607)	(656)	(62,847)	(35,860)	(20,887)	(385)	0	(166)	(2,110)	(151,607)
Net Book Value as at 31 March 2023	133,333	326,168	172	55,445	13,633	10,340	1,970	28,136	1,065	395	570,657
Net Book Value as at 31 March 2022	126,348	293,942	160	57,227	16,702	9,116	327	49,162	1,045	586	554,615

Asset Financing	Operational Assets							Non-Operational Assets			Total
	Land	Buildings	Dwellings	Vehicles	Operational Equipment	ICT Equipment	Infrastructure	Assets under construction	Heritage Assets	Surplus Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Owned	133,253	326,168	172	55,300	13,633	10,340	1,970	28,136	1,065	395	570,432
Finance Leased	80	0	0	0	0	0	0	0	0	0	80
Donated	0	0	0	145	0	0	0	0	0	0	145
Carrying amount as at 31 March 2023	133,333	326,168	172	55,445	13,633	10,340	1,970	28,136	1,065	395	570,657

Tangible Assets as at 31 March 2022

Tangible Assets	Operational Assets							Non-Operational Assets			Total
	Land	Buildings	Dwellings	Vehicles	Operational Equipment	ICT Equipment	Infrastructure	Assets under construction	Heritage Assets	Surplus Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation											
As at 1 April 2021	125,175	304,770	820	103,062	39,930	28,445	264	40,637	1,211	2,857	647,171
Additions	0	12,041	0	4,368	6,756	2,648	0	16,636	0	0	42,449
Transfers in/(out)	0	(576)	0	6,982	262	(13,482)	0	(8,111)	0	14,350	(575)
Disposals	0	0	0	(330)	0	0	0	0	0	(13,743)	(14,073)
Revaluation - Revaluation Reserve	2,597	(2,616)	1	(49)	0	0	139	0	0	(847)	(775)
As at 31 March 2022	127,772	313,619	821	114,033	46,948	17,611	403	49,162	1,211	2,617	674,197
Depreciation & Impairment											
As at 1 April 2021	(2,400)	(17,913)	(655)	(50,618)	(24,967)	(19,491)	(28)	0	(166)	(2,444)	(118,682)
Depreciation charge for the year	0	(8,953)	(6)	(7,186)	(5,279)	(2,135)	(79)	0	0	(18)	(23,656)
Depreciation - Revaluation Reserve	0	6,169	0	55	0	0	31	0	0	892	7,147
Impairments - Revaluation Reserve	719	1,491	0	0	0	0	0	0	0	83	2,293
Impairments - SoCNE	257	714	0	(1)	0	0	0	0	0	(414)	556
Transfers in/(out)	0	0	0	711	0	13,131	0	0	0	(13,842)	0
Disposals	0	0	0	233	0	0	0	0	0	13,692	13,925
Revaluation decrease - Rev Reserve	0	(1,185)	0	0	0	0	0	0	0	20	(1,165)
As at 31 March 2022	(1,424)	(19,677)	(661)	(56,806)	(30,246)	(8,495)	(76)	0	(166)	(2,031)	(119,582)
Net Book Value as at 31 March 2022	126,348	293,942	160	57,227	16,702	9,116	327	49,162	1,045	586	554,615
Net Book Value as at 31 March 2021	122,775	286,857	165	52,444	14,963	8,954	236	40,637	1,045	413	528,489

Asset Financing	Operational Assets							Non-Operational Assets			Total
	Land	Buildings	Dwellings	Vehicles	Operational Equipment	ICT Equipment	Infrastructure	Assets under construction	Heritage Assets	Surplus Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Owned	126,268	293,942	160	57,076	16,685	9,116	327	49,162	1,045	586	554,367
Finance Leased	80	0	0	0	0	0	0	0	0	0	80
Donated	0	0	0	151	17	0	0	0	0	0	168
Carrying amount as at 31 March 2022	126,348	293,942	160	57,227	16,702	9,116	327	49,162	1,045	586	554,615

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:

	2022/23		2021/22	
		SoCNE		SoCNE
	£000s	£000s	£000s	£000s
Depreciation charge in the year - Tangible Assets	30,995		23,656	-
Depreciation charge in the year - Intangible Assets	84		172	-
Depreciation charge in the year - Right of Use Assets	386		-	-
Impairments – SoCNE – Tangible Assets	11,365		(556)	-
Impairments – SoCNE - Assets held for Sale	-		575	-
Depreciation and Impairment	-	42,830	-	23,847
Total Depreciation and Impairment	42,830	42,830	23,847	23,847

Depreciation and Impairment for Right of Use Assets is £0.386 million (nil in 2021/22). Depreciation and Impairment for the other asset categories included above is £42.444 million (£23.847 million in 21/22).

Note 3:

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

	2022/23		2021/22	
		SoCNE		SoCNE
	£000s	£000s	£000s	£000s
Revaluation – Revaluation Reserve – Tangible Assets	13,036		(775)	-
Revaluation – Revaluation Reserve – Assets held for Sale	-		-	-
Depreciation – Revaluation Reserve – Tangible Assets	12,430		7,147	-
Impairments - Revaluation Reserve – Intangible Assets	-		-	-
Impairments – Revaluation Reserve – Tangible Assets	(1,531)		2,293	-
Impairments – Revaluation Reserve – Assets held for Sale	-	-	-	-
Revaluation decrement – Revaluation Reserve – Tangible Assets	(1,725)	-	(1,165)	-
Revaluation Gain	-	22,210	-	7,500
Total Revaluation Gain	22,210	22,210	7,500	7,500

Intangible Assets as at 31 March 2023

Intangible Assets	Software	Total
	£000s	£000s
Cost or valuation		
As at 1 April 2022	4,541	4,541
Additions	14	14
As at 31 March 2023	4,555	4,555
Depreciation		
As at 1 April 2022	(4,420)	(4,420)
Depreciation charge for the year	(84)	(84)
As at 31 March 2023	(4,504)	(4,504)
Net Book Value as at 31 March 2023	51	51
Net Book Value as at 31 March 2022	121	121
Asset Financing		
Owned	51	51
Carrying amount as at 31 March 2023	51	51

Intangible Assets as at 31 March 2022

Intangible Assets	Software	Total
	£000s	£000s
Cost or valuation		
As at 1 April 2021	4,541	4,541
Additions	0	0
As at 31 March 2022	4,541	4,541
Depreciation		
As at 1 April 2021	(4,248)	(4,248)
Depreciation charge for the year	(172)	(172)
As at 31 March 2022	(4,420)	(4,420)
Net Book Value as at 31 March 2022	121	121
Net Book Value as at 31 March 2021	293	293
Asset Financing		
Owned	121	121
Carrying amount as at 31 March 2022	121	121

The total Additions of Tangible and Intangible Assets are shown below:

	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Tangible Asset Additions	36,585	42,449
Intangible Asset Additions	14	0
Total	36,599	42,449

25. ASSETS HELD FOR SALE AS AT 31 MARCH 2023

Assets Held for Sale	Non-Operational Assets	Total
	£000s	£000s
Cost or valuation		
As at 1 April 2022	(1)	(1)
Additions	0	0
Transfers in/out	0	0
Disposals	0	0
Revaluation – Revaluation Reserve	0	0
Other movements	1	1
As at 31 March 2023	0	0
Impairment		
As at 1 April 2022	1	1
Impairments – Revaluation Reserve	0	0
Impairments – SoCNE	0	0
Transfers in/out	0	0
Disposals	0	0
Other movements	(1)	(1)
As at 31 March 2023	0	0
Net Book Value as at 31 March 2023	0	0
Net Book Value as at 31 March 2022	0	0
Asset Financing		
Owned	0	0
Carrying amount as at 31 March 2023	0	0

Assets held for sale as at 31 March 2022

Assets Held for Sale	Non-Operational Assets	Total
	£000s	£000s
Cost or valuation		
As at 1 April 2021	3,862	3,862
Additions	0	0
Transfers in/out	575	575
Disposals	(4,438)	(4,438)
Revaluation – Revaluation Reserve	0	0
Other movements	0	0
As at 31 March 2022	(1)	(1)
Impairment		
As at 1 April 2021	(2,776)	(2,776)
Impairments – Revaluation Reserve	0	0
Impairments – SoCNE	(575)	(575)
Transfers in/out	0	0
Disposals	3,352	3,352
Other movements	0	0
As at 31 March 2022	1	1
Net Book Value as at 31 March 2022	0	0
Net Book Value as at 31 March 2021	1,086	1,086
Asset Financing		
Owned	0	0
Carrying amount as at 31 March 2022	0	0

26. NET GAIN/(LOSS) ON DISPOSAL OF FIXED ASSETS

Disposals in the year were for the sale of Vehicles. Where possible, some of the vehicles were re-classified as Surplus in the prior year and some of the vehicles were still classified as operational until the point of disposal.

The following table analyses the subsequent gain/(loss) shown in the SoCNE following disposal:

Asset	Sale Proceeds	Net Book Value	Gain / (Loss)
	£000s	£000s	£000s
Vehicles – Surplus	273	311	(38)
Vehicles – Operational	178	85	93
Total	451	396	55

27. IMPAIRMENTS AND REVALUATIONS

At 31 March 2023, all land, buildings and dwellings assets due for valuation under the five-year rolling programme of valuations (61% 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 £11.365 million, reflected as a loss in the SoCNE, and revaluation increase of £22.210 million, shown as a credit to the Revaluation Reserve.

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

28. CONTINGENT ASSETS/ LIABILITIES

- (a) Contingent Asset: Compensation claim against supplier

As noted in the Performance Report and Note 22, the contract with Systel to supply a new Command and Control Mobilising System was terminated in December 2022 due to milestones not being met. A claim for compensation was lodged against Systel in March 2023 and the Service is continuing to pursue this claim. The company is based in France and are in the equivalence of administration but continue to trade.

- (b) Contingent Liability: Pension Benefits for Retained Firefighters ('Matthews' Case)

The 2006 (Special) Scheme was introduced on 23 May 2014, following a successful legal challenge to the rules which had previously prevented retained firefighters from joining the 1992 Scheme. As the 1992 Scheme was closed in 2006, a 'special' category of the 2006 Scheme was created that mirrored many of the rules and benefits that would have been available to these members if they had originally been allowed membership in the 1992 Scheme.

A time-limited options exercise was carried out between 2014 and 2015 which allowed existing and former retained firefighters with service between 1 July 2000 and 5 April 2006, an opportunity to join the 2006 Scheme as special members, subject to the payment of appropriate contributions, in respect of their service during that period.

In 2018, the Court of Justice of the European Union ruled that a part-time fee-paid judge, with service between 1 July 2000 and 5 April 2006, should have his pension backdated to include all his historic service in the Judicial Pension Scheme.

As a result of this ruling Scottish Ministers agreed to extend the pension entitlement to eligible retained firefighters to cover service pre-July 2000. It is expected that this option exercise will open sometime during or shortly after 2023/24. This will increase the pension entitlement for some current special retained members and allow access to the scheme for additional historic retained firefighters. However, the pension administrator is still in the process of planning for the Matthews remedy and are unable to provide data on the eligible members at the Accounting Date, therefore, no allowance has been included in the 2022/23 Accounts.

29. FIREFIGHTERS' PENSIONS RECONCILIATION

The requirements to prepare a Firefighters' Pension Account for the SFRS were specified in the Firefighters' Pension Scheme Amendment (Scotland) (No.2) Order 2010 (SSI 332/2010; see also SSI 333/2010). This order has now been revoked; however, this reconciliation is provided to demonstrate good practice and maintain a record of payments made and income received in respect of Firefighters' pensions.

Funding for Fire Pension payments, with the exception of ill-health and injury benefits, is not included in the GiA funding provided by the Scottish Government. A specific grant is paid to the SFRS to take account of the funding required to meet the cost of employer contributions.

Although the Firefighters' Pension Account operates on an accruals basis, provisions for potential retirement (e.g., commuted sums) are not included as a charge against the Firefighters' Pension Account.

The following table illustrates the transactions on the Pension Account.

	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Contributions receivable:		
Fire and Rescue Service:		
Contributions based on pensionable pay	(39,885)	(40,205)
Early retirements	(312)	(484)
Transfer Values In	(3,030)	(1,413)
Officers' contributions	(18,996)	(18,661)
Seconded Officer Income	(40)	(59)
Total Receivable	(62,263)	(60,822)
Benefits payable:		
Pensions	106,914	99,049
Commutations and lump sum retirement benefits	37,852	28,071
Lump sum death benefits	522	107
Transfer values paid	917	496
Total Benefits Payable	146,205	127,723
Deficit before Funding	(83,942)	(66,901)
Creditor/(Debtor) at start of financial year	2,095	(960)
Fire Pension Grant – total grant received	126,408	110,161
Less: Employers Contributions	(39,884)	(40,205)
Carried forward surplus/(deficit)	4,677	2,095

The £4.677 million surplus is contained within the Trade and Other Payables figure of £14.890 million for Central Government Bodies shown in Note 10.

30. OTHER RESERVE MOVEMENT

	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Revaluation Reserve Write Off – Disposal of Assets Held for Sale	0	613
Revaluation Reserve Write Off – Disposal of Surplus Vehicles	222	28
Revaluation Reserve Write Off – Impairment of RAAC roof properties	34	36
Total	256	677

In accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, assets identified as Assets Held For Sale must be revalued from Depreciated Replacement Cost (DRC) to Market Value at the time of transfer from Operational Assets to Assets Held For Sale. The impairment of the assets must be charged to the SoCNE and not be offset against any available Revaluation Reserve on that asset. In the year of disposal, the Revaluation Reserve balance must be written off to the General Fund.

31. DEFERRED INCOME

The SFRS was provided a grant from Transport Scotland to cover the costs of lease payments for a three-year period, for 45 Ultra-Low Emission Vehicles (Electric Cars) during financial year 2019/20. This was to comply with the Scottish Government's vision of freeing Scotland's towns, cities and communities from the damaging effects of diesel and petrol fuelled vehicles by 2050, as per Transport Scotland's document "Switched on Scotland Phase two: An Action Plan for Growth".

A grant was also received in 2019/20 from the Energy Savings Trust to cover the cost of charging points for these vehicles (Phase 1).

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 (Phase 2) and one from the Energy Savings Trust to cover the cost of additional charging points (Phase 3).

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 is being released over the remaining period that we pay for the lease costs of the vehicles and the usage of the charging points.

Four De-carbonisation grants were received in 2021/22 from the Scottish Government's Directorate for Energy & Climate Change (DECC). These grants covered the costs of a Biomass Boiler at Fort William Fire Station, Solar PV Installations across various sites, Building Energy Management System installations at various sites and Retained Estate Energy Efficiency works across some Retained properties. Only one year of the income will be matched to the works and charged to the SoCNE. The remaining income has been charged to the SoFP and is being released over the remaining useful lives of the assets which benefitted from these grants. Asset lives range from 20 years to 43 years.

Transport Scotland provided SFRS a grant in 2022/23 for another batch of EV Charging Points across the service (Phase 4). Only one year of the income will be matched to the cost of the works and charged to the SoCNE. The remaining income has been charged to the SoFP and is being released over the remaining useful lives of the assets (10 years).

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

Deferred income	Year ended 31 March 2023	Year ended 31 March 2022
	£000s	£000s
Not later than one year	0	215
Later than one year but not later than 5 years	1,782	1,534
Later than 5 years	3,550	2,603
Total	5,332	4,352

This reflects an increase in Deferred Income greater than 12 months of £1.196 million since 31/3/2022 (compared to an increase of £2.293 million in the prior year).

32. LEASES

The SFRS recognises a right-of-use asset upon lease commencement. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made before the commencement date.

At transition to IFRS 16 Leases on 1 April 2022 the right-of-use assets have been measured at an equal amount to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

SFRS applied the short term and low value asset exemptions to the recognition and measurement of right of use assets and therefore these leases remained within operating leases and did not transfer to right of use assets upon IFRS16 implementation. During the year, the total charged to the

SoCNE in relation to leases of low value assets was £0.334 million. Further information on these leases is provided in Note 15 Operating Leases.

Consideration was also given to lease contracts which contained options to extend or terminate the lease, upon implementation.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date over the term (which is equal to, or shorter than, the asset's useful life). The right-of-use asset will be periodically reviewed for impairment losses and adjustments on remeasurement of the lease liability.

Right of Use Assets	Property Assets	Non-Property Assets	Peppercorn Assets	Total
	£000s	£000s	£000s	£000s
Cost or valuation				
As at 1 April 2022	0	0	0	0
Recognition of right-of-use asset on initial application of IFRS16	2,753	938	4,124	7,815
Additions	129	215	0	344
Disposals	0	0	0	0
As at 31 March 2023	2,882	1,153	4,124	8,159
Depreciation & Impairment				
As at 1 April 2022	0	0	0	0
Recognition of right-of-use asset on initial application of IFRS16	(2,197)	(245)	(926)	(3,368)
Depreciation charge for the year	(108)	(243)	(35)	(386)
Depreciation on disposals	0	0	0	0
As at 31 March 2023	(2,305)	(488)	(961)	(3,754)
Net Book Value as at 31 March 2023	577	665	3,163	4,405
Net Book Value as at 31 March 2022	0	0	0	0
Asset Financing				
Owned	0	0	0	0
Leased	577	665	3,163	4,405
Carrying amount as at 31 March 2023	577	665	3,163	4,405

Obligations under leases

On transition to IFRS 16, lease liabilities were measured at the present value of the outstanding lease payments, discounted using an interest rate of 0.95%, as advised by HM Treasury. This discount rate was applied to all Right of Use Asset categories. Periodic reviews of this approach will be undertaken and any remeasurement adjustments will be made as required.

	As at 31 March 2023	As at 31 March 2022
	£000s	£000s
Property		
Within one year	98	0
Later than one year and not later than five years	341	0
Later than five years	319	0
	758	0
Non-Property		
Within one year	225	0
Later than one year and not later than five years	407	0
Later than five years	0	0
	632	0
Peppercorn		
Within one year	25	0
Later than one year and not later than five years	103	0
Later than five years	3,366	0
	3,494	0
Total Lease Obligations		
Within one year	348	0
Later than one year and not later than five years	851	0
Later than five years	3,685	0
Total	4,884	0

The total cash outflow for leases during 2022/23 was £0.697 million.

Difference between carrying amount of Assets and Lease Liabilities

Upon transition, the cumulative effects of initially applying IFRS 16 recognised at the date of initial application, were recognised by SFRS as an adjustment to the opening balance of taxpayers' equity (General Fund). The cumulative effect is the difference between the carrying amount of the Right of Use Assets and Lease Liabilities.

	As at 31 March 2023
	£000s
General Fund Balances	(402)
General Fund – Right of Use Assets – Property	296
General Fund – Right of Use Assets – Non-Property	211
General Fund – Right of Use Assets – Peppercorn Property	332
Total	437

DIRECTION BY THE SCOTTISH MINISTERS



Scottish Government
Riaghaltas na h-Alba
gov.scot

THE SCOTTISH FIRE AND RESCUE SERVICE

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 42A (1) of the Fire (Scotland) Act 2005 (inserted by section 118 of the Police and Fire Reform (Scotland) Act 2012) hereby give the following direction.
2. The statement of accounts for the financial year ending 31 March 2023, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRm) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses and cash flows for the financial period and of the state of affairs at the end of the financial period.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated:



SCOTTISH

FIRE AND RESCUE SERVICE

Working together for a safer Scotland

firescotland.gov.uk

SFRS Annual Report and Accounts 2022-2023

Version 1.0