

## Circular



Circular number:	W-FRSC(2022)08	Date issued:	24 October 2022
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Status:	For Action
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Title:	<b>Firefighters' Pension Account Estimates</b>
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Issued by:
Steffan Herdman Fire Services Branch

Addressed to:	Please forward to:
Chief Fire Officers	Treasurers Pensions Officers

<b>Summary</b>
This circular requests each Fire and Rescue Authority (FRA) to complete the financial and non-financial sections of the attached pensions form (FPF1) by 7 November 2022.

<b>For further information contact:</b>	
Kerry Citric Fire Services Branch Welsh Government Rhydycar Merthyr Tydfil CF48 1UZ	Direct Line: 0300 062 8226 E-mail: <a href="mailto:fire@gov.wales">fire@gov.wales</a> Website: <a href="http://fireandrescue.gov.wales">Fire and rescue</a>

## **Introduction**

1. Since 2007 FRAs have administered and paid firefighters' pensions from a separate local firefighters' pension fund. Employee and employer contributions are paid into the pension fund from which pension payments are made.
2. Where contributions are insufficient to meet the cost of pension payments, the Welsh Government provides grant funding to meet the shortfall. This top-up grant is based on pensions income and expenditure estimates provided by FRAs via "FPF1" returns. Data provided in these returns are also used to provide pension forecasts to the Office of Budgetary Control (OBR).
3. FRAs last provided an update on their estimates for 2022-23 onwards earlier this year, (W-FRSC(2022)03 dated 28 March 2022 refers).

## **Revised Estimates**

4. FRAs are now being asked to revisit and amend their estimates for 2022-23, 2023-24 and 2024-25, and also to provide estimates for 2025-26 within the FPF1 return.

## **Assumptions**

### **- Retirements and other staff movements**

5. FRAs should include their own local workforce planning assumptions regarding retirements, other leavers and joiners, etc in their estimates for future years.

### **- Transfers**

6. Forecasts of transfers should be based on confirmed transfers only and should also be accounted for in the sending or receiving scheme.

### **- Pay**

7. OBR provided updated pay assumptions for public sector schemes in May 2022 as set out below. Please use these assumptions for your FPF estimates:-

- Latest pay awards should be used for 2022-23 onwards where these have been agreed. In the absence of an agreed award for 2022-23, FRAs should use their own judgement on the assumption they should use for this return.
- For 2023-24 onwards, where pay awards have not been set, the OBR central assumptions of paybill per head growth should be used. These are set out below and are inclusive of 0.5% pay drift:-
  - 2023-24 - 3.1%
  - 2024-25 - 2.3%
  - 2025-26 - 2.8%

## **Sargeant Remedy Costs**

8. The Public Service Pensions and Judicial Offices Act 2022, closed legacy (1992 and 2007) schemes on 31 March 2022. As a result, no further contributions should be added to these schemes from 1 April 2022, apart from periodic payments of contributions that relate to the purchase of pension for past service (this will include added pension agreements that were in place prior to April 2022, Modified Scheme payments and payments in light of the Booth judgment about pensionable allowances).

## **Amendments to the FPF Returns**

9. Following review of the FPF returns in collaboration with FRAs, amendments were made to both the returns and the guidance for their completion. These amendments were covered in detail in [Circular W-FRSC\(2021\)11](#) and are reflected in the FPF1 excel spreadsheet.

10. We have also now made additional amendments to the financial and non financial sections of the return to reflect the closure of the 1992 and 2007 (including the modified section of that scheme) to future accrual from 1 April 2022. This means that we have removed rows from the FPF1 that request information on pensionable pay for those legacy schemes (rows 1a to 1c in the previous FPF returns) and also rows about the number of scheme members in the legacy schemes (rows 12-14 in the previous FPF returns). In addition we have changed the guidance in respect of employee and employer contributions for the 1992,2007 and modified schemes. No further contributions should be being made into these legacy schemes by either employers or employees other than contributions which relate to the purchase of past service (e.g. in respect of 2007 modified scheme members and Booth) or to honour existing agreements for the purchase of added pension in the legacy schemes.

11. FRAs are requested to return the completed forms to [fire@gov.wales](mailto:fire@gov.wales) by 7 November 2022. Please note that a signed copy of the return is required. This can be in electronic form.

**Steffan Herdman**  
**Fire Services Branch**  
**Welsh Government**