

Circular



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Status:	For Action
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Title:	Firefighters' Pension Account Estimates
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Issued by:	Natalie Spiller Fire Services Branch
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Addressed to:	Please forward to:
Chief Fire Officers	Treasurers Pensions Officers

Summary
This circular requests each Fire and Rescue Authority (FRA) to complete the financial and non-financial sections of the attached pensions form (FPF1) by 6 November 2023.

For further information contact:	
Fire Services Branch Welsh Government Rhydycar Merthyr Tydfil CF48 1UZ	Direct Line: 0300 062 8679 Fax: 0300 0258869 E-mail: fire@gov.wales Website: Fire and rescue

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 2023-24 onwards earlier this year, (W-FRSC(2023)01 dated 09 March 2023 refers).

Revised Estimates

4. FRAs are now being asked to revisit and amend their estimates for 2023-24, 2024-25 and 2025-26, and also to provide estimates for 2026-27 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 public sector schemes pay assumptions for the last FPF data collection request in March 2023 as set out below. Please use these assumptions for your FPF estimates:-

- OBR Guidance states that returns should reflect latest pay awards which are as follows :-
 - 2023-24 – 5% settlement
- For 2024-25 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:-
 - 2024-25 - 1.7%
 - 2025-26 - 1.6%
 - 2026-27 – 1.6%
 - 2027-28 – 1.9%
 - 2028-29 – 1.9%

Closure of the Legacy Schemes from April 2022

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 contributions relating to Sargeant age discrimination remedy, 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).

Sargeant Remedy Costs

9 HM Treasury has written to each of the Welsh Fire and Rescue Authorities to clarify how corrective payments to affected scheme members should be implemented following the introduction of age discrimination remedy. Please ensure all costs relating to corrective payments are recorded on the FPF1 Return as pensions outgo in line with the guidance outlined in HM Treasury's letter dated 20 October 2023.

10. FRAs are requested to return the completed return to fire@gov.wales by 6 November 2023. Please note that a signed copy of the return is required. This can be in electronic format.

Natalie Spiller
Fire Services Branch
Welsh Government