

Circular



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| Status: | For Action |
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| Title: | Financial Arrangements for Firefighter Pensions: Top-up Grant Forms 2026-27 |
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| Issued by: | Natalie Spiller Fire Services Branch |
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| Addressed to: | Please forward to: |
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| Chief Fire Officers | Treasurers Pensions Officers Pension Scheme Administrators |

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| Summary <p>This circular requests each Fire and Rescue Authority (FRA) to complete the attached pension forms (FPF2 and FPF3), and confirm estimates already provided for 2026-27 onwards (FPF1) by 25 March 2026.</p> <p>This information will be used to calculate final top-up grant payments to FRAs in respect of 2024/25 (FPF3) and 2025/26 (FPF2) and interim payment for 2026-27 (FPF1).</p> |
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| For further information contact: Fire Services Branch Welsh Government Rhydycar Merthyr Tydfil CF48 1UZ | Direct Line: 0300 0628679 E-mail: fire@gov.wales Website: Fire and rescue |
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INTRODUCTION

1. Since 2007, FRAs have administered and paid firefighters' pensions, as well as any future pensions for new entrants, from a separate local firefighters' pension fund. Employee and employer contributions are paid into the pension fund from which pension payments are made.

WELSH GOVERNMENT TOP UP GRANT

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 "FPF" returns.

3. Payments of 80% of estimates for 2025/26 (less any surplus from 2024-25) were made to the three FRAs in April 2025. A further AME payment was also made to all three FRAS in November 2025 in order to assist with an increase in pension scheme costs. As part of the next payment of top up grant, FRAs will receive:

- 80% of the top up grant they have estimated they will require in 2026/27;
- The remainder of top up funding for 2025/2026 if applicable, i.e. the difference between the advance funding already provided and the final shortfall in funding (less any surplus from 2024-25);
- An adjustment for any difference between 2024-25 unaudited and audited data;
- For FRAs who have a surplus from 2025-2026, this will be deducted from the 80% top up grant for 2026/27.

4. We will write to each FRA separately outlining the calculation used and proposed grant offer in due course.

FPF PENSION RETURNS

5. FRAs should complete the attached financial returns showing final unaudited pension fund information for 2025/26 (FPF2 form), final audited pension fund information for 2024/25 (FPF3 form) and estimates for 2026-27 onwards (FPF1). Please ensure that financial information for 2025-26 is consistent on both the FPF1 and FPF 2 return. FRAs should particularly note:

Retirements and other staff movements

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

Pay

- OBR Guidance states that returns should use the following assumed values for changes in pensionable pay (note that these are just planning assumptions; they do not reflect any view of the Welsh Government about what level of pay increase will or should occur):

- In the absence of any agreed awards for 2026-27 onwards, please use the following OBR default assumptions: -
 - 2026-2027 – 3.0% increase
 - 2027-2028 – 2.1% increase
 - 2028-2029 – 2.1% increase
 - 2029-2030 – 2.2% increase

Employee Contribution Rates

- The Firefighters' Pension Scheme (Wales) (Amendment) Regulations 2025 sets out employee contribution rates for the Firefighters' Pension Scheme (Wales) with effect from 1 September 2025. It also provides for a new mechanism of determining contribution rates by reference to grade rather than salary band. A Welsh Government [circular](#) was published on 30 July 2025 which outlined the changes and provided a link to the amended Regulations.

Transfers in / out of the Firefighters' Pension Scheme

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

Closure of the Legacy Schemes from April 2022

- 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).

O'Brien remedy

- The Government Actuary's Department has now circulated a tool for scheme managers to calculate member contribution payments. We advise that you calculate figures using this tool when completing the attached returns. Where this is not possible, 'best estimate figures' should be provided.
- Estimates for 2025-26 onwards should be based on an assumed employer rate of 31.0% as reflected in the final 2020 valuation report. Please note that employer and employee contributions in all of the returns should include the total contribution made in the relevant year including contributions relating to service in the relevant year and contributions made to purchase past service (e.g. in respect of 2007 modified scheme members and Booth) should be included in these totals. In previous returns, we have asked FRAs to also provide a breakdown of the latter in respect of employee contributions. That breakdown is no longer required as part of this return and will be requested separately.

6. FRAs are asked to confirm the estimates already provided for 2026-27 (FPF1) onwards or amend those figures as necessary. FRAs are also requested to provide unaudited and audited pension fund information, by completing pension forms FPF2 and FPF3. Completed forms should be returned to fire@gov.wales by **25 March 2026**. Please note that a signed copy of the return is required; this can be in electronic format.

Natalie Spiller
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Welsh Government