



Circular

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Status:	For Action
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Title:	Financial Arrangements for Firefighter Pensions: Top-up Grant Forms 2020-21
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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
<p>This circular requests each Fire & Rescue Authority to complete the attached pension forms (FPF2 and FPF3), and confirm estimates already provided for 2020-21 (FPF1) by 6 April 2020.</p> <p>This information will be used to calculate final top-up grant payments to FRAs in respect of 2018/19 (FPF3) and 2019/20 (FPF2) and interim payment for 2020-21 (FPF1).</p>

For further information contact:	
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Introduction

1. Since 2007, Fire & Rescue Authorities (FRAs) have administered and paid firefighters' pensions from a separate local firefighters' pension fund. Employee and employer contributions are paid into the pension fund which is topped up by a Welsh Government grant if the contributions are insufficient to meet the cost of pension payments. Any surplus in the fund is recouped by the Welsh Government.

Welsh Government Top Up Grant

2. 80% of estimates for 2019/20 (less any surplus from 2018-19) were made to Mid and West Wales FRA and South Wales FRA in April and to North Wales FRA in June 2019. The next payment of top-up grant will be made in April 2020 at which time FRAs will receive :-
 - 80% of the top up grant they have estimated they will require in 2020/21,
 - The remainder of top up funding for 2019/2020 if applicable i.e. the difference between the 80% funding already provided and the final shortfall in funding (less any surplus from 2018-19).
 - An adjustment for any difference between 2018-19 unaudited and audited data.
 - For FRAs who have a surplus from 2019-20 this will be deducted from the 80% top up grant for 2020/21.
3. We will write to each FRA separately outlining the calculation used and proposed grant offer in due course.

FPF Pensions Returns

4. FRAs are required to complete the attached top-up grant forms showing final unaudited pension fund information for 2019/20 (FPF2 form), final audited pension fund information for 2018/19 (FPF3 form) and estimates for 2020-21 onwards (FPF1). Please ensure that financial information for 2019-20 is consistent on both the FPF1 and FPF 2 return. Explanatory notes can be found on the second sheet of the forms. Totals are calculated automatically in the spreadsheet. FRAs should provide an explanation of any anomalies in their figures. This can be done by adding text in the 'comments' section of the form or in a covering note. FRAs should particularly note :
 - **ASSUMPTIONS** – FRAs should include their own local workforce planning assumptions regarding retirements, other leavers and joiners, etc in their estimates for future years. However to ensure a consistent approach to assumptions regarding pay, please apply a 2% pay increase year on year to future year estimates. This is based on the pay settlement for 2019 and not an indication or assumption regarding future pay settlements.

As a result of the judgment in the case of Sargeant and others vs Home Secretary and others, the Treasury is developing proposals to remedy age discrimination resulting from transitional protection arrangements in the 2015 public sector pension schemes, with a view to public consultation later in 2020. However, there is as yet no certainty about how the remedy will

operate, and FRAs should not make any assumptions about it in their estimates.

- **MODIFIED SCHEME MEMBERS** - In December 2014, the Welsh Government issued a circular (W-FRSC(2014)14) detailing the introduction of the modified pension scheme for Retained Duty System (RDS) firefighters, employed by a Fire and Rescue Authority (FRA) in Wales between 1 July 2000 and 5 April 2006 inclusive. The scheme provided special firefighter members and special deferred members the option to pay the cost of historic contributions by means of lump sum or by purchasing past service rights by making periodic contributions over a period of 10 years. In order to accurately calculate the employee contribution yield, FRAs are asked to provide a breakdown for RDS employee contributions to detail those costs relating to the financial year listed and those costs relating to previous years. The detail should be included within the FPF2 returns (also included in FPF1 and 3 forms) as part of the pensions income at lines 2d and 2e of the table.
5. Please note that, whilst the primary purpose of the FPF returns is to calculate the Welsh Government pensions top up grant to FRAs, the data does also get used from time to time for other purposes, including financial updates to Office of Budgetary Responsibility, and as part of reporting to the Firefighters Pension Scheme Advisory Board.
 6. FRAs are requested to return electronic versions of the completed forms to Cerys.Myers@gov.wales by **6 April 2020**. Any delays in submitting these forms may lead to delays in payments being made. Please note that signed hard copies of the returns are no longer required. However, FRAs must ensure that their electronic returns have the necessary signatures included.
 7. If you have any questions, or would like further information, please contact Kerry Citric on 0300 062 8226.

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