

Dear Claims Administrator

***Please pass a copy of this letter to your FRA's Claim Certifier***

## **FINANCIAL ARRANGEMENTS FOR FIREFIGHTER PENSIONS - LOGASnet Returns: Pension Estimates 2017/18 – 2023/24**

### **Introduction**

- 1.1** FRAs are required to submit pension estimates for financial years 2017/18 to 2023/24. Please note that the deadline for returns to this is **cop Wednesday 6 September**.
- 1.2** The estimate for 2017/18 should be an update of the information previously submitted in September 2016. The estimate for 2018/19 will form the basis for the grant payment due in July 2018.
- 1.3** The 2018 Top Up Grant payment will consist of **(i)** 80% of any forecast pension deficit for the year 2018/19, **(ii)** the remainder of the 2017/18 requirement (based on final unaudited accounts to be submitted in May 2018) and **(iii)** any adjustments needed in respect to 2016/17 (based on audited accounts also to be submitted in May 2018).

### **Assumptions**

- 2.1** The estimates will also form the basis of this Department's bid for Annually Managed Expenditure (AME) grant to cover the cost of pension deficits. The forecasts will also be the subject of scrutiny by the Office of Budget Responsibility (a link to OBR's terms of reference is given below):

<http://budgetresponsibility.independent.gov.uk/transparency/governance/>

FRAs are recommended to give due consideration to this when compiling forecasts and keep a record of the assumptions used e.g., for membership; leavers; ill-health etc.

- 2.2** All policy changes from past fiscal events should be factored into the forecasts and the Consumer Prices Index (CPI) should be the measure of indexation. The following CPI rates advised by the OBR should be used (note that these are the uprating factors that should be applied to awards in the same year, reflecting CPI estimates from the previous September):

2017/18	1.0%
2018/19	2.6%
2019/20	2.2%
2020/21	2.0%
2021/22	2.0%

2022/23	2.0%
2023/24	2.0%

FRA's should also apply the following paybill per head increases\*:

2017/18	1.0%
2018/19	1.0%
2019/20	1.0%
2020/21	2.5%
2021/22	3.6%
2022/23	3.6%
2023/24	3.7%

*\*we have assumed that 'pay drift' has no impact on the firefighters' workforce paybill*

**2.3 Returns should take account of:**

- a. the current employee and employer contribution rates;
- b. the changes to tax relief on annual and lifetime allowances and its behavioural impact of opt-outs; and
- c. the impact on workforce plans of the abolition of the National Insurance Contributions contracting-out rebate, the apprenticeship levy, and National Living Wages, where relevant.

**2.4 Please also note that we are assuming that there is no impact on the firefighters' paybill from 'pay drift' – please let us know if this is not the case for your FRA.**

**Assumptions exercise**

**3.1 Please also note that we will be writing separately to Claim Certifiers seeking details of the local assumptions applied in order to report these to the OBR. As part of this exercise, we will be asking FRA's to clarify the local assumptions that they have applied in respect of recruitment, normal retirements, transfers in/out etc. The deadline for returns to this will also be **cop Wednesday 6 September.****

**Action required**

**4.1 FRA's are requested to access DCLG's LOGASnet system via <https://logasnet.communities.gov.uk/logasnet> and to complete the FPF form to provide forecasts for the years 2017/18 to 2023/24. The form will be made available on the LOGASnet website from around **17 July 2017**. Guidance on how to register, or how to access forgotten passwords, is included on the logon page. If you experience difficulty accessing the LOGASnet system you should contact the LOGASnet helpdesk on 0303 444 2444 or e-mail [logasnet.helpdesk@communities.gsi.gov.uk](mailto:logasnet.helpdesk@communities.gsi.gov.uk)**

**4.2 This information will be used to calculate the 80% component of next year's top up grant (see paragraph 1.3(i) above).**

**Deadline for certification**

- 5.1** The deadline for FRAs to complete and certify the form is **cop Wednesday 6 September 2017**.

**Please note that we need the data so that we can respond to the OBR and will not be able to grant any extension to this deadline.**

- 5.2** If you have any questions on this notification, or would like further information, please phone me on 0207 035 3372/07504737245 or email [anthony.mooney@homeoffice.gsi.gov.uk](mailto:anthony.mooney@homeoffice.gsi.gov.uk).

Yours Faithfully

**Anthony Mooney**