

Firefighters' Pensions

From: the LGA	To: FRAs - England
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Budget for the Firefighters' Pension Scheme 2023/2024

Summary

1. This paper sets out the detail of the Firefighters' Pension Scheme (FPS) levy to be paid by English Fire and Rescue Authorities (FRAs) for the year 2023/2024. The levy is comprised of the following two elements:
 - 1.1. The LGA employer levy: in 2014, FRAs entered into a shared arrangement to fund a technical adviser post to support their understanding and management of the FPS.
 - 1.2. Under the Firefighters' Pension Scheme 2014 Regulations [4H\(1\)](#)¹, the Firefighters' Pensions (England) Scheme Advisory Board (SAB) is required to set an annual budget for approval by the Secretary of State.
2. The minister has now approved the SAB levy of £6.74 per active firefighter to be defrayed to FRAs.
3. **A total of £9.24 per active firefighter will be levied on English Fire and Rescue Authorities (FRAs) to pay for both the work of the SAB and the LGA. This includes the SAB levy of £6.74 and the FRA LGA levy of £2.50.**
4. This amount distributed across FRAs based on active eligible membership numbers will be invoiced across February 2024. This process will be managed by LGA.
5. The previous levies have been set as below.

2017/2018	£5.67
2018/2019	£7.69
2019/2020	£6.67
2020/2021	£8.29
2021/2022	£9.16
2022/2023	£6.27

6. An update on budget spend will be provided to the Home Office at the next budget submission (2024/2025).

2023/2024 levy

7. The 2023/2024 levy is set at £9.24 per active firefighter member.
8. This is calculated in two parts as set out below. More detail is available in [Appendix A](#).

¹ 4H.—(1) The Firefighters' Pension Scheme Advisory Board must prepare an annual budget for approval by the Secretary of State

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Project	Total levy	Total number of FFs	Per head
SAB levy	£224,644.20	33,330 (England)	£6.74
LGA employer levy	£115,295.00	46,118 (UK)	£2.50
	£339,939.20		£9.24

9. The proposed expenditure is higher than for 2022/2023 for four main reasons. Firstly, there are increased legal costs due to the need to obtain key advice from the Scheme Advisory Board's legal adviser on the forthcoming Firefighters' Pensions (Remediable Service) Regulations 2023. The role of the Scheme Advisory Board is to provide advice to scheme managers in relation to the effective and efficient administration and management of the Firefighters' Pension Schemes (FPS) and this advice is essential in performing that role.
10. Secondly, due to the release of the draft 2020 valuation assumptions and forthcoming impact of the 2020 valuation results and SCAPE discount rate reduction for the firefighters' pension schemes, the Scheme Advisory Board has sought advice from its actuarial advisers which has increased the costs of the budget.
11. In addition, you will note that there has been a decrease in the number of firefighters to spread the cost between, from 34,196 to 33,330.
12. Finally, there was a lower carry forward from 2022/23.
13. The Welsh FRAs have previously agreed to pay an additional levy of £1 per firefighter to contribute towards elements of the SAB costs such as specific SAB resources and legal advice; this has been included as income to reduce the shortfall to be recovered.

	2022/2023	2023/2024
Total proposed budget expenditure	£286,247	£310,771.50
Income	£136,343 (see above)	£ 86,675.92 (see above)
Shortfall for levy	£150,004	£224,095.58

Value for money

14. The SAB is committed to setting a budget that represents value for money and represents the SAB workplan to support FRAs with their pension responsibilities.
15. The [Aon review in 2019](#) [Appendix 1] established the scheme administration cost per member at £120.33. The combined levy amount of £9.24 therefore represents 7.7% of the total FRA cost of managing and administering the FPS.
16. The LGA regularly take the opportunity to receive feedback from FRAs on the resources and information available to them.

LGA Bluelight team - February 2024

Proposed Budget – Detailed Summary

2023/2024 Scheme Advisory Board budget

Expenditure

Shared costs	£147,021.50
Board expenses	£7,250.00
Board costs	£156,500.00
Total Expenditure	£310,771.50

Income

Carry forward	£83,026.27
Wales (SAB)	£3,206.00
Total income	£86,232.27

Shortfall to be levied

	£224,539.23
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2022/2023 LGA employers budget

Expenditure

Shared costs	£147,021.50
Employer costs	£10,000.00
Total Expenditure	£157,021.50

Income

Carry forward	£41,726.50
Total Income	£41,726.50

Shortfall to be levied

	£115,295.00
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Shared costs

1. From 2020/2021 the costs of employment expenses and events has been shared between SAB and FRAs at a 50/50 split. From this year onwards, the contingency budget has been added as a shared cost.

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2. Table 1 – Shared costs

Staffing inc. LGA overheads	£262,393.00
LGA staff expenses	£6,750.00
Associated staff costs	£8,900.00
Events	£6,000.00
Contingency	£10,000.00
Total Costs	£294,043.00
Divided by 50%	£147,021.50

Employment costs

3. The current structure of the Bluelight team is three full time posts: a senior adviser and two advisers.
4. This structure has been in place since September 2021 when the new senior adviser commenced in post. Prior to that, the team consisted of two full time employees. Budget for an additional adviser role was secured last year when, in order to provide additional resilience, the existing adviser vacancy was divided into two distinct posts: one to provide employer support and one to provide governance support, which includes facilitation of the SAB and its committees.
5. LGA overheads are currently set at £40,000 for the team. These overheads are charged by the LGA for all posts. This covers IT, HR, payroll, and corporate services and is set at a standard rate regardless of grade or contracted hours in line with LGA internal policies.
6. Expenses incurred by LGA advisers cover attending meetings and events such as committee meetings, technical meetings, communication group meetings, regional meetings, and Local Pension Board (LPB) training. Expenses for 2023/2024 will remain at £6,750.
7. Associated staff costs include the subscription for regulatory software (Perspective) and staff development costs, such as attendance at training courses and conferences.

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Events

8. The LGA team events are widely considered to be of excellent quality and are greatly valued by our stakeholders. As attendance is not limited to English FRAs the cost of events is shared equally between the SAB and LGA budgets.
9. Our two day [FPS annual conference](#) will take place again in September at Smith Square. We continue to deliver regular virtual engagement sessions to provide stakeholders with updates on topical pensions issues.
10. Pre-pandemic the budget for events was £18,000 which provided for seven events at an average per delegate cost of £44.26 per person.

Contingency

11. A contingency is added to the budget to allow for any increase in any of the above costs such as increased venue costs. Contingency has been moved to the shared costs as unexpected expenditure can equally affect both the Board and employers. Due to unanticipated legal costs arising for employers only in 2022/2023, the contingency budget has been increased to £10,000.

Income

12. As detailed, the Welsh FRAs have previously agreed to pay an additional levy of £1 per firefighter to contribute towards elements of the SAB costs such as specific SAB resources and legal advice; this has been included as income of £3,206 in order to reduce the shortfall to be recovered.
13. The SAB element of the levy is calculated by dividing £224,539.23 by the 2022/2023 return of 33,330 members in England.
14. The total employer levy after dividing £115,295.00 by the total number of firefighters in 2022/2023 (46118) is a cost of £2.50 per firefighter to be paid by FRAs in England, Scotland, Wales, and Northern Ireland.

Action

Please complete the attached form, including a valid purchase order number by 22 February 2024 in order to issue the invoice to your authority. Please ensure the PO is made out to the 'Improvement and Development Agency'.

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Firefighters' Pension Schemes/ Scheme Advisory Board Levy 2023/2024

Name	
Job Title	
Fire and Rescue Authority	
Address	
Email address	
Telephone number	
Number of employees eligible to join the Firefighters' Pension Scheme as at 1 April 2023	
Purchase Order number, payable to the Improvement and Development Agency*	

Return to

Bluelight pensions, LGA, email bluelightpensions@local.gov.uk

*In 2011 the Local Government Association and its associated companies integrated operations so that they in effect now operate as one organisation under one management structure, but for financial and legal purposes, we still need to transact through the legal company names. The budget for this work sits in the Improvement & Development Agency company and as such all purchase orders/invoices/contracts agreements need to be addressed accordingly.