

RULE LA5
Excess amounts – estimated deficits

Rule LA5 explains how the Secretary of State may make payments to a fire and rescue authority where estimates show there is likely to be a deficit in their FPF.

Payment based on initial estimate or estimate

Rule LA5(1) says that if the Secretary of State, having considered the initial estimate, or the estimate, and any other information available to him, decides that the amount that the fire and rescue authority are likely to have to pay out of their FPF in the year in question exceeds the amount that is likely to be paid in, he will pay the authority an amount equal to 80% of the likely deficit.

Under Rule LA5(5) the amount payable to the authority will be paid on or before 31 March 2007 for the financial year 2006/07; in respect of subsequent financial years it will be paid in the July of the year in question.

Payment following revised estimate

Rule LA5(2) says that if the revised estimate and any other relevant information indicates to the Secretary of State that the amount likely to be paid out of the FPF will be greater than the amount likely to be paid in and 80% of the deficit will be a greater amount than anything he has already paid to the authority or has decided payable under Rule LA5(1), he may pay them such (additional) amount as he thinks fit.

Under Rule LA5(6) the amount payable will be paid before the end of the year in question.

Limit on payments

Rule LA5(3) limits the amounts paid under subparagraphs (1) and (2) so that in respect of any particular year they do not exceed 80% of the likely deficit for that year.

Return of payments made to Secretary of State

If the Secretary of State makes a payment under Rule LA5(2) (payment following a revised estimate) and the fire and rescue authority has already made him a payment under Rule LA6(1) because it initially appeared that there would be a surplus rather than a deficit, he will repay it under Rule LA5(4). Under Rule LA5(6) it will be repaid before the end of the year in question.

(If the authority was preparing to make such a payment under Rule LA6(1), it should not be paid.)

Useful reference source

- FPSC 9/2006: the introduction of new financing arrangements for pensions

Points To Note

1. The Secretary of State provides guidance on the financing arrangements for firefighters (which may be amended from time to time). Currently this is set out in the booklet "Guidance for Fire and Rescue Authorities on new financial arrangements for firefighter pensions with effect from April 2006" issued by the Department in March 2006.